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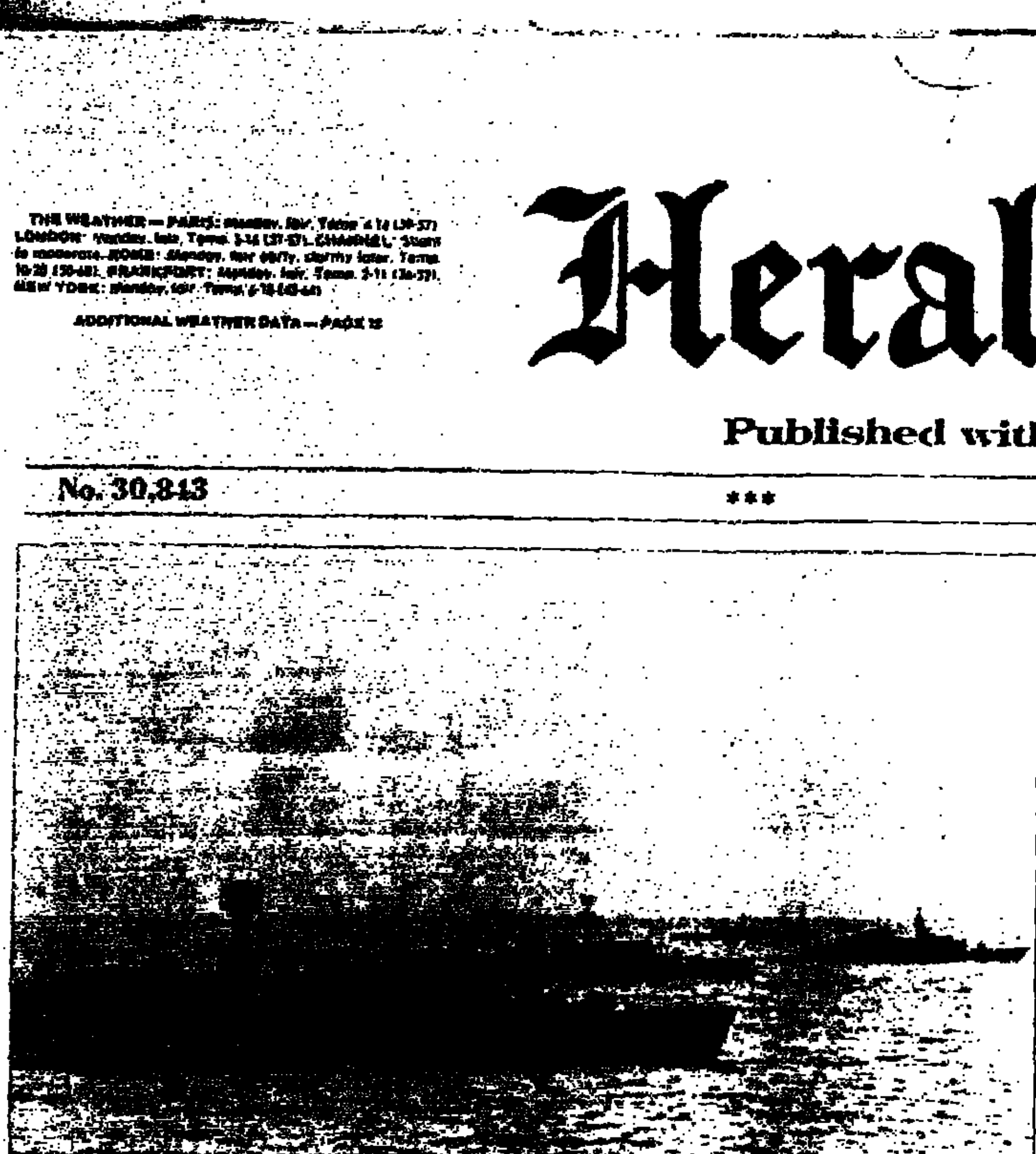
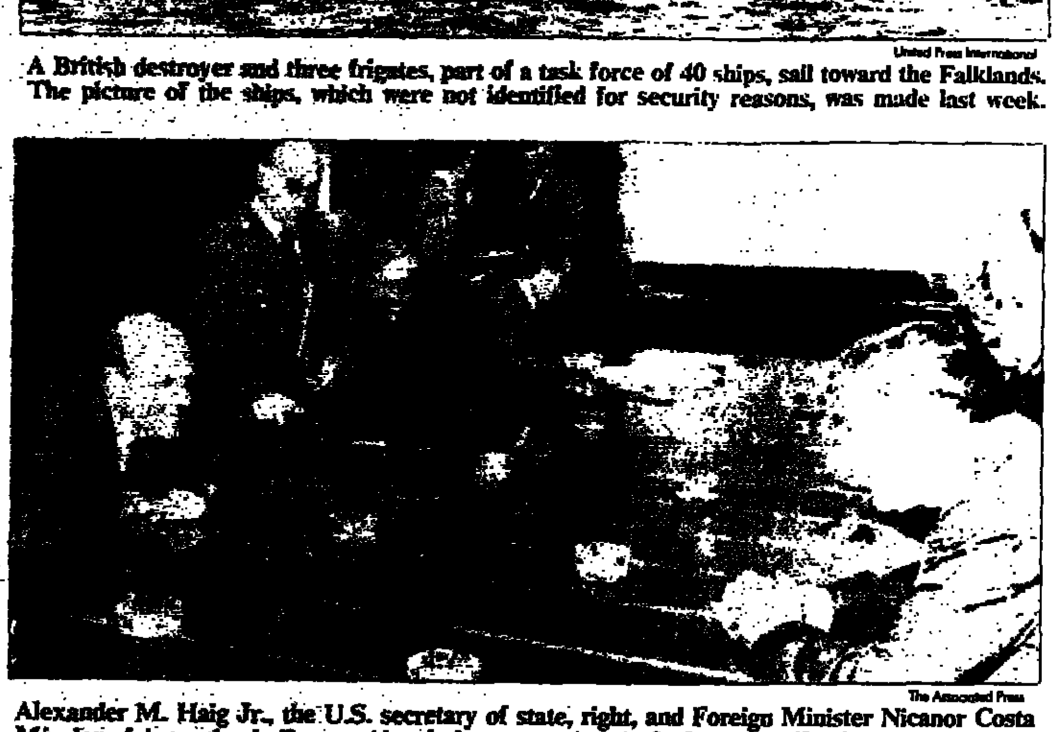


A British destroyer and three frigates, part of a task force of 40 ships, sail toward the Falklands. The picture of the ships, which were not identified for security reasons, was made last week.



Alexander M. Haig Jr., the U.S. secretary of state, right, and Foreign Minister Nicanor Costa Méndez of Argentina in Buenos Aires before a new round of talks on the Falkland Islands crisis.

Haig Silent On Talk of Falklands Deadlock

From Agency Dispatches

BUENOS AIRES — U.S. Secretary of State Alexander M. Haig Jr. said Sunday he was pressing ahead with talks with Argentine officials over the Falkland Islands crisis, and he refused to comment on reports that attempts to avert war between Britain and Argentina were virtually deadlocked.

His statements came amid growing concern here after the release of a telegram from Lt. Gen. Leopoldo Galtieri, Argentina's president, to Pope John Paul II demanding that Britain show more flexibility in resolving the crisis. Gen. Galtieri declared that Argentina would not be humiliated "by any demand dictated by wounded pride."

Argentine troops took over the islands 400 miles (640 kilometers) off the Argentine coast on April 2 after 149 years of British rule.

"We are continuing to work on the problem with all the seriousness that the situation demands," Mr. Haig said Sunday morning as he left for church services before resuming talks with Argentine officials.

He told reporters it would serve no purpose to comment on reports

Banks leading a $200-million loan for Argentina's electricity utility agree to a 30-day delay. Page 13.

in Argentine newspapers that talks were at a standstill over Argentina's refusal to give up even temporary control over the islands.

Mr. Haig was in his third day of talks with Argentine officials in the latest leg of a peace mission that has carried him to Buenos Aires twice and to London twice.

Mr. Haig said he had "been in touch" with President Reagan on the situation. He did not say if he had been in contact with Prime Minister Margaret Thatcher of Britain.

U.S. officials said Saturday evening that the talks remained open-ended and that it had not been determined when Mr. Haig would leave Buenos Aires or whether he would go to London again.

In a weekend marked by an atmosphere of tension and confusion, reports here first indicated that the U.S. effort to peacefully end Argentina's occupation of the islands had stalled, then, as the talks were unexpectedly extended, they turned to cautious hope.

Sovereignty Issue

The chief obstacle to a solution in the two-week crisis — and the reported cause for the near breakdown in talks — was the issue of Argentina's claim of sovereignty over the South Atlantic archipelago and how it would be recognized in a settlement, officials indicated.

Sources here have said Argentina was willing to withdraw the troops that invaded the islands if the approaching British war fleet turned back and arrangements were made for a temporary administration of the islands while negotiations proceeded.

However, Argentina has insisted that its flag continue to fly on the islands as implicit recognition by Britain of Argentine sovereignty. Britain has refused to accept this.

Reports here Saturday morning indicated that Mr. Haig formally proposed, and the Argentines rejected, a tripartite administration of the islands involving British, U.S. and Argentine officials. That proposal, which officials here refused to confirm, reportedly was turned down in part because it did not address the sovereignty issue.

Members of the Argentine junta

(Continued on Page 2, Col. 3)

Haig Said to Offer Plan Featuring Moratorium on Sovereignty Issue

From Agency Dispatches

LONDON — U.S. Secretary of State Alexander M. Haig Jr. is proposing a five-point peace plan fo. the Falkland Islands that calls for Argentina and Britain to hold their dispute over the chain's sovereignty in abeyance for five years, after which the islanders would decide the issue, British Independent Television reported Sunday.

The ITV program "Weekend World" said that it had obtained details of the Haig plan from "sources close to U.S. President Reagan in Washington."

Mr. Haig was in Buenos Aires talking with members of Argentina's military junta in hopes of averting war over the islands, seized by Argentina on April 2 after 149 years of British rule.

Argentina's foreign minister, Nicanor Costa Méndez, said Sunday: "There has been no tangible progress yet. We are making every effort to preserve peace and ensure that Argentina affirms its free and sovereign position."

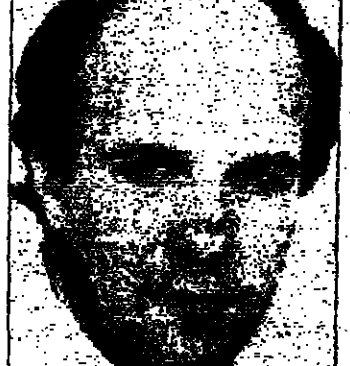
The British television program said the government of Prime Minister Margaret Thatcher appeared to be favorably disposed toward Mr. Haig's plan, but it said there was "considerable doubt" that the Argentines would find it acceptable. A spokeswoman for the prime minister refused to discuss the ITV report.

"Weekend World" said that these are the main points of the Haig plan:

- Both sides would agree to "reserve" their claims of sovereignty to the Falklands while Argentine forces were withdrawn and the British fleet was recalled.
- An interim period, which could last up to five years, would take effect during which negotiations on sovereignty would be carried out.
- During the interim period, the archipelago would be administered multinationally.
- The interim administration would be run by Britain, Argentina, the United States and six other countries, including Canada, two nations from Latin America, two from Europe, and one from Asia.
- At the end of the interim period, the Falkland Islanders would decide their future.

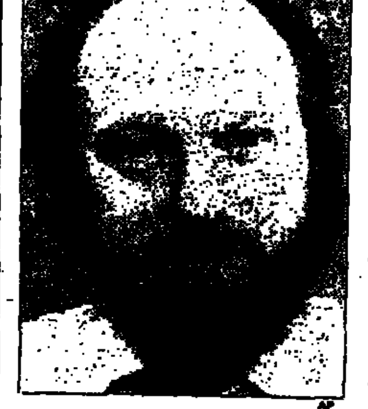
In Washington, The Washington

(Continued on Page 2, Col. 5)



Simon Winchester

Anthony Prime



Ian Mather

7 Journalists Held in Argentina On Charges of Spying on Aircraft

From Agency Dispatches

COMODORO RIVADAVIA, Argentina — Authorities in this southern Argentine city have arrested four members of a Canadian Broadcasting Corp. news crew and charged them with espionage for allegedly photographing planes taking off from a military airport. Three British journalists have also been arrested on espionage charges for allegedly watching aircraft movements in the Argentine sector of Tierra del Fuego.

Military authorities said the members of the Canadian television crew were arrested Saturday and charged with breaking the military government's espionage laws. But a source said they were not considered to be secret agents.

"We know they're not spies, but they were compromising military security," a military spokesman said.

The four were identified as Samuel S. Hillman, 34, of Chicago; John R. Axelson, 30, and David R. Wilson, 42, both of Canada; and Ricardo H. Rivarola of Buenos Aires, a translator and Argentine citizen. A court source said they faced prison terms of 11 to 30 years.

The three British journalists arrested Thursday in Tierra del Fuego were Simon Winchester, 39, a reporter for The Sunday Times of London; Ian Mather, 46, a reporter for The Observer, a London-based Sunday newspaper; and Anthony Prime, a photographer for The Observer. They were arrested near Ushuaia, which is Argentina's southernmost city.

They were accused of trying to obtain information "not permitted," and military authorities termed them "presumed spies." The British Broadcasting Corp. quoted Rear Adm. Horacio Zaratiegue, a commander in Argentina's southern region, as saying one of the journalists had used binoculars to monitor aircraft movements at a naval air base while another noted the details.

In London, James Adams, The Sunday Times' foreign manager, said that the three had been arrested while pursuing normal journalistic activities. He called the spying charge "ridiculous."

Mr. Adams said the men were being held incommunicado in Ushuaia and their case would be heard in court on Monday.

The Sunday Times and The Observer said they were sending three senior journalists to Argentina to try to secure their release.

Comodoro Rivadavia, where the Canadian Broadcasting Corp. team was arrested, is the headquarters of an airlift by which Argentina is supplying its forces in the Falkland Islands.

The arrested men were among almost 100 foreign and Argentine journalists who came to Comodoro Rivadavia because it is the closest major city to the scene of a possible offshore confrontation between British and Argentine forces.

Also on Saturday, the military released the last seven British marines who were captured during the takeover of the islands and flew them to Uruguay for repatriation. All other British servicemen were released the week of the invasion, but authorities said the last seven were detained because they reportedly were trying to incite some of the island's 1,800 English-speaking residents to guerrilla warfare.

Prime Minister Pierre Elliott Trudeau signed the proclamation of the Constitution Act giving Canada control of its constitution in Ottawa as Queen Elizabeth and Canadian officials looked on.

Canada Gets Its Own Constitution But Quebec Boycotts the Ceremony

By Henry Giniger
New York Times Service

MONTREAL — Queen Elizabeth II, in a ceremony in Ottawa that was marred by rain and what she called "the regretted absence" of Quebec, formally transferred constitutional power from Britain to Canada Saturday.

A crowd of 25,000 cheered her proclamation of the Constitution Act. It replaces the British North America Act of 1867 that brought into being the Canadian confederation. This act becomes a purely Canadian document and starting Sunday Canada had the sole power to amend it.

However, the government of French-speaking Quebec has condemned the act because it restricts the province's powers to protect its culture. While the premiers of the nine English-speaking provinces celebrated the constitution in Ottawa and had lunch with the queen, Premier René Lévesque led thousands of protesting marchers in Montreal and upheld independence as Quebec's only recourse.

"Henceforth we are no longer Canadians but Quebecers," Bernard Landry, Quebec minister of economic development, told the protesters.

But, as queen of Canada, Elizabeth refused to separate Quebec from the rest of the country. In fluent French, she said in her address that "despite the regretted absence of the premier of Quebec, it is only just to associate Quebecers with this celebration of renewal because without them Canada would not be what it is today." But she added, "Differences persist. They always will."

Canada has been formally independent since 1931 but the power to amend the constitution remained in London because the provinces and the federal government could not agree on an amending procedure. Last fall, a compromise was finally reached on an amending process and on the addition of a bill of rights, but Quebec refused to subscribe to it. The British Parliament approved the move several weeks ago.

The queen, who flew to Ottawa Thursday, arrived on Parliament Hill Saturday morning in a horse-drawn landau with Prince Philip. She was greeted by a flourish of trumpets, a 21-gun salute and the roar of jets overhead.

Pointedly, Prime Minister Pierre Elliott Trudeau made most of his opening remarks in French, addressing himself to his fellow Quebecers even more than to the largely English-speaking crowd before him. He reminded Mr. Lévesque that in a referendum two years ago Quebec's voters had rejected his bid to start the process of separation from Canada.

"One has only to look at the results of the referendum to realize the strong attachment to Canada of the people of Quebec," Mr. Trudeau said. He added that "nothing essential to the originality of Quebec has been sacrificed" and emphasized the importance for all Canadians of wanting to live together.

"It is true," he said, "that our will to live together has sometimes appeared to be in deep hibernation."

Despite the rain, the queen strolled through the grounds after the ceremony, stopping to chat with people in the crowd before going to lunch with the members of her Privy Council for Canada, a largely honorary group. All the premiers except Mr. Lévesque accepted an invitation to join the council.

The queen left Canada on Sunday.

Iran Said to Hold Prelate's Relatives

Reuters

LONDON — Iranian security forces are said to have arrested two relatives of Ayatollah Kazem Shariatmadari, the country's second most senior spiritual leader and an opponent of Ayatollah Ruhollah Khomeini, in the second raid on his house this week.

Exiled members of Ayatollah Shariatmadari's family in Hamburg said Saturday his son-in-law Ahmad Abbasi and another son-in-law named Emami were arrested in Qum last week. Both are thought to be still in custody.

The ayatollah's Islamic school and publishing house were said to have been seized. The ayatollah, who is reported to be unwell, has been virtually confined to his home for more than two years.

Brezhnev Proposes A Summit In the Fall

By John F. Burns
New York Times Service

MOSCOW — Tass has quoted Leonid I. Brezhnev as rejecting President Reagan's suggestion that they meet during a United Nations disarmament conference in New York in June and proposing instead that they plan a summit conference in a third country in the fall.

According to the Tass report Saturday, Mr. Brezhnev reaffirmed remarks he made to the Communist Party Congress 15 months ago about the "usefulness of an active dialogue with the United States on all levels," and the "decisive importance" of Soviet-American summit meetings, and added: "We are in favor of such meetings now, too."

However, he was quoted as saying that Mr. Reagan had left "rather a vague impression" with his suggestion that Mr. Brezhnev attend the UN conference and have what Mr. Reagan described as "a talk."

Mr. Reagan made the suggestion during a discussion with reporters April 5 in which he confirmed that he would address the disarmament meeting.

Third Country

Tass quoted Mr. Brezhnev as saying: "It is understandable that a meeting between the president of the United States and myself must be well-prepared and held in a solid way, not incidentally in connection with this or that international forum. To be specific, we are in favor of such a Soviet-American summit meeting that would be in keeping with the lofty responsibility of our states for world affairs and would justify the hopes pinned on it."

He added: "I would say the following considering the time and place of our possible meeting with President Ronald Reagan. The meeting should be held in some

(Continued on Page 2, Col. 6)

U.S., Russia Set First Grain Talks Since Army Crackdown in Poland

By Bernard Gwertzman
New York Times Service

WASHINGTON — Under pressure from the farming community, the Reagan administration has agreed to hold talks with the Soviet Union on grain trade, the first since the imposition of martial law in Poland last December.

The announcement of the meeting to take place in Paris on May 21 and 22 was made Friday by Sen. Robert J. Dole of Kansas and Sen. Roger W. Jepsen of Iowa, both Republicans. They said this was "a vital and necessary step toward restoring normal grain trade relations between the two countries and in strengthening United States farm prices."

Administration officials took a less dramatic view of the Paris meeting. They said that under the current Soviet-U.S. grain supply agreement that is due to expire on Sept. 30, the two sides are supposed to hold twice-a-year consultations on the grain situation in the two countries.

"This is a routine meeting," one official said.

But in the minds of Sen. Dole and Sen. Jepsen, the Paris session has more symbolic importance, because they claim that the administration had been delaying the meeting because of the continuance of martial law in Poland.

In retaliation for alleged Soviet involvement in the crackdown that began last Dec. 13 in Poland, the Reagan administration announced a series of economic sanctions, including suspension of talks then going on for a new long-term grain supply agreement with the Russians to replace the one that expires in the fall.

The talks that are to be held in Paris will not be a resumption of the negotiations that were suspended, U.S. officials said. However, the senators through their spokesmen said that the Paris meeting was a step in the direction of longer-term sales.

Carter Ruling

Under the current agreement, the Soviet Union is permitted to buy up to 23 million metric tons of grain by Sept. 30, but so far it has only ordered 13.8 million metric tons. With large surpluses in the farm belt, and gloom about the future pervasive in the region, members of Congress from those states have been active in trying to solicit statements from the administration that there never will be another grain embargo against the Soviet Union.

In 1980, in retaliation for the intervention by Soviet troops in Afghanistan, President Jimmy Carter barred grain sales to the Soviet Union in excess of the 8 million tons to which the United States was committed by the agreement. This meant cancellation of million tons in possible orders.

President Reagan, who campaigned against the grain embargo, lifted it last spring over the objection of the State Department, and subsequently the Russians were permitted a one-year extension in the five-year agreement, which was supposed to expire last Sept. 30. The Russians were also told they could buy up to the 23-million-ton total.

Sen. Dole and Sen. Jepsen said that they met with Ambassador Anatoli F. Dobrynin of the Soviet Union on March 19 to discuss grain sales. In their statement, they said it was clear that these regularly scheduled consultative meetings "were necessary to both sides to make sure that we have put embargoes, threats of embargoes, and psychological embargoes behind us."

"Let this be a sign that the United States has returned to its status as a reliable trading partner and that the Soviet Union has welcomed its role as a vigorous trading partner," the statement said.

Mr. Reagan, when he imposed sanctions last Dec. 29, did not embargo grain sales, but the administration has kept that option open in case the situation in Poland worsens.

INSIDE

Mubarak Again Affirms Commitment to Treaty

By David B. Ottaway
Washington Post Service

CAIRO — A U.S. deputy secretary of state, Walter J. Stoessel Jr., left Egypt for Israel Sunday with fresh assurances from President Hosni Mubarak of his "firm adherence" to the Camp David peace accords after the Israeli withdrawal from the Sinai April 25.

But Egyptian officials also let it be known that Egypt was not willing to sign a new formal agreement, or addendum to the treaty, promising to respect the letter and spirit of the accords as the Israelis are reportedly asking.

The Israeli demand and complaints of alleged Egyptian violations of the treaty, as well as an unresolved border dispute, have created concern in Cairo that Israel was seeking a pretext to delay its withdrawal.

But after two days of listening to Egyptian views on the Israeli complaints, Mr. Stoessel said he remained confident the withdrawal would take place on time.

In Sinai, meanwhile, tensions rose Sunday in the town of Yamit after Israeli officials announced that the eviction of the last settlers would begin Monday. Several hundred opponents of the withdrawal have vowed to resist expulsion. The northern Sinai will be declared a closed military zone after the evacuation, the officials said.

Some of the two dozen supporters of the radical Jewish Defense League, headed by Rabbi Meir Kahane, claimed that they would commit suicide if Israeli security forces attempted to remove them.

Speaking from behind a locked door of a bomb shelter, members of the league said they were awaiting the return of Rabbi Kahane from New York before going ahead with their suicide plan. They said they had already decided in which order they would die.

Before leaving Cairo, Mr. Stoessel said President Mubarak had assured him of Egypt's "firm adherence to the Camp David accords as the only existing basis and framework on which to proceed in the search for a just, lasting and comprehensive peace in the area."

Mr. Mubarek sent a letter to Prime Minister Menachem Begin last week making a similar pledge and reaffirming Egypt's intention

(Continued on Page 2, Col. 5)

Israeli soldiers at Yamit in the Sinai remove a man protesting the scheduled return of the region to Egypt. The soldiers were called in after members of anti-withdrawal movement tried to stop workers from dismantling a water pipeline in the town.

British Seem to Lack Firepower Required For Falklands Assault

By Richard Harwood
Washington Post Service

BUENOS AIRES — It is simple enough to write a scenario for the recapture of the Falkland Islands by Britain.

Great ships of the line lay offshore bombarding Argentine positions. Landing craft and amphibious tractors form up at a line of departure and head off in waves for the beach.

British fighter-bombers strafe and fire rockets at the shoreline until the instant the Royal Marines storm ashore. Within a few days the Union Jack flies again over the port at Stanley. There are many white crosses, but a great victory has been won.

This, of course, is an old scenario for island fighting in the Pacific in World War II.

"The era for that kind of amphibious assault is entirely over," a U.S. Marine colonel said. "The naval gunfire it requires no longer exists, not even in the U.S. Navy."

The British fleet steaming south toward the Falklands is poorly equipped to provide covering fire for a landing, according to reports from London. It includes five destroyers and nine frigates, a small force by World War II standards.

There are other serious hazards to a frontal assault. In virtually every Pacific landing in World War II, the U.S. Navy had complete air superiority. That is not the case here.

The British are bringing two aircraft carriers with 40 vertical-take-off Harrier planes and 40 to 50 helicopters. Argentina has about 250 combat aircraft, including 113 fighters and interceptors and 23 helicopter gunships, U.S. sources say.

Britain would operate at a disadvantage in the air against this force, partly because the Harriers have a range of only 100 miles when fully loaded, military sources say. The Argentines can reach the Falklands from at least five major mainland air bases.

Another problem facing the British is the ground-force ratio. The rule of thumb in World War II island fighting was that the invading force required a manpower advantage of three or four to one, but British invaders would most likely be outnumbered in the Falklands.

The British force of Marines and commandos is reported to number no more than 5,000 or 6,000. Argentina has put 7,500 to 10,000 troops on the island with food for 60 days and ammunition for 20 days of combat. C-130 transports bring in new stocks daily, newspaper reports say.

Tanks are unsuited for the terrain. A British journalist who visited the island more than a year ago wrote: "It is inhospitable country, peat bog and fell, dotted with place names which suggest its bleakness: Tumble Down Mountain, Mount Misery, Bluff Cove, No Man's Land.

"Crossing 20 miles of it by Land Rover will take six hours on a good day. The peat collapses, wheels go up to their axles in mud and bog water, jacks and planks are produced, passengers are instructed to heave. It happens every mile or so."

Anti-Aircraft Guns

Argentine anti-aircraft batteries have been spotted in recent days around the airstrip at Stanley where interceptors reportedly are based. The strip is not an ideal operational field. A U.S. official said that when Argentina's army chief of staff, Maj. Gen. José Vaquero, landed on the island in a Fokker F-28 last week, the crosswinds flipped the plane on its back.

The winds reach 80 knots at this time of the year, creating 30- to 40-foot seas, another impediment to an amphibious assault.

There are two imponderables about the Argentine defenses. The level of fortification is one. The Pacific landings of World War II were made terribly costly by the strength and ingenuity of the Japanese defenses — intricate cave and tunnel systems, bunkers and pillboxes, and artillery and mortar batteries aimed at potential landing beaches. There is no evidence the Argentines have attempted anything so ambitious.

The other imponderable is the staying power of the Argentine troops. They are led by professional officers and noncommissioned officers, but the ordinary soldier is a draftee serving only eight to 14 months. The educational level of the draftees is said by Argentine officers to be very low.

"The real preoccupation of the army," an officer said, "is with internal subversion. We don't think much in terms of conventional war. We have no history of warfare, whereas the British history is impressive."

Notre Dame Cathedral Is Hit by 2 More Fires

United Press International

PARIS — Two fires caused slight damage Sunday in Notre Dame cathedral. Last Monday, a fire destroyed a storage area in the church.

Sunday afternoon, a drapery in the nave was found burning, and about 30 minutes later, a trash fire was discovered in a small chapel nearby. Both were quickly extinguished. The cause of the fires was not immediately determined.

United Press International

British Marines crouch on the flight deck of the carrier Hermes during a training exercise while en route to the Falkland Islands.

Normal Phone Used In Taped Reagan Call

By Paul Taylor and George C. Wilson
Washington Post Service

WASHINGTON — A telephone conversation about the Falkland Islands crisis April 9 between President Reagan and Secretary of State Alexander M. Haig Jr. was intercepted because neither man chose to use a scrambler telephone, according to administration sources.

A transcript of the three-and-a-half-minute conversation between the two was published Friday by the columnist Jack Anderson, who was given a tape by a source he has declined to identify.

The conversation, which took place as Mr. Haig was flying from London to Buenos Aires and Mr. Reagan was on a working vacation in Barbados, briefly reviewed Mr. Haig's efforts at shuttle diplomacy between Britain and Argentina but involved nothing of a top-secret nature.

Not Unusual

Government communications specialists said that it is not unusual for the president or a Cabinet secretary to talk over open lines, especially if the connection is between two remote spots.

Another administration source said that both men were advised before the conversation that they were not using a secure line, and both agreed that it was not necessary.

The specialist speculated that Mr. Haig and Mr. Reagan talked over a high-frequency connection that would be easy for amateur radio operators to intercept.

Joseph Spear, an associate of Mr. Anderson, said that after the columnist received the tape, one of his reporters spoke with the Secret Service as part of the effort to establish its authenticity.

Mr. Spear said the reporter was informed that the Secret Service was "totally aware" of the problem of such intercepts. A Secret Service spokesman denied that account and denied knowing anything about the Reagan-Haig intercept.

Transcript and Tape

Mr. Anderson said his source provided him with a transcript of a conversation and a tape. He said he believes they are of two separate conversations because the transcript includes comments from both men, while on the tape Mr. Haig's responses are inaudible because of interference or static.

Here is a transcript of the taped conversation:

Mr. Reagan: "Al, hello Al. I'm glad the British fleet doesn't move that fast. You must have been in the air for about 12 hours now and [pause]. There's going to be an uphill struggle. Did you get any idea as to whether the emotion that you met in your meetings goes out beyond the Parliament to the people as well? Over."

Mr. Haig: (Ten-second pause.)

Mr. Reagan: "It sounded as if there was not much acceptance of the multinational presence here. Are there any variants of that you think she might go for? Over."

Mr. Haig: (Thirteen-second pause.)

Mr. Reagan: "Oh, that sounds good. Incidentally, that submarine of theirs, ah, do you think it's apt to go ahead with retribution and sink anything within the 200 miles and would that be enough to vindicate them? Over."

Mr. Haig: (Fourteen-second pause.)

Mr. Reagan: "Oh, that's good. Well, I won't ask you to speculate on any next steps because I know you haven't talked yet there in Buenos Aires. But, in those talks, if it's helpful at all, why, don't hold back on making me the bad guy and insisting on restraint if that's necessary. Over."

Mr. Haig: (Nineteen-second pause.)

Mr. Reagan: "OK. Well, I know it's a tough one and an uphill fight. Just let us know if there's anything at this end that we can do to be of help. And, ah, good luck. [Pause] Over."

Mr. Haig: (Eight-second response.)

Mr. Reagan: "Just did today. [Pause] Had a good swim in this ocean that you're looking down on. And it was wonderful. Well, OK, I'll make it over and out then, or [unless] you've got something else. OK, good luck."

Haig Presses Negotiations

(Continued from Page 1)

joined the talks Saturday, but Mr. Haig said Sunday he would not apply any significance to this. The bulk of earlier negotiations were with Foreign Minister Nicanor Costa Méndez and other civilian officials.

Gen. Galtieri and the two other members of the junta, Adm. Isaac Anaya and Gen. Basilio Lami Dozo, met Saturday with Mr. Haig.

A well-informed Argentine political commentator quoted Mr. Haig as telling them he had been pained by newspaper reports suggesting doubts about his partiality.

Adm. Anaya was quoted as telling Mr. Haig: "We think this is correct."

The government on Saturday released an exchange of telegrams between Pope John Paul and Gen. Galtieri. The pope expressed concern that diplomatic efforts to resolve the dispute appeared headed for deadlock.

Gen. Galtieri said that Argentina was willing to make further efforts to find peace but that it would "not be humiliated by any demand dictated by wounded pride and least of all if it is backed by the arrogant use of force."

British submarines have been under orders to sink Argentine warships entering a 200-mile war zone around the islands.

Ceausescu in North Korea

Reuters

TOKYO — President Nicolae Ceausescu of Romania has arrived in Pyongyang from China for an official visit to North Korea, the North Korean news agency reported Sunday.

9 Killed in Ambushes By Philippine Rebels

The Associated Press

MANILA — Communist guerrillas fired on two military trucks and a government patrol, killing eight soldiers and a civilian and wounding 17 other persons, military reports said Sunday.

No rebel casualties were reported in the two ambushes Friday by the New People's Army, the military arm of the outlawed Communist Party of the Philippines. The attacks occurred in Quezon and Camarines Norte provinces, southeast of Manila.

Argentine Officials Warn Crisis Is Pushing Buenos Aires Into Closer Ties With Moscow

By James M. Markham
New York Times Service

BUENOS AIRES — Apparently troubled by Argentina's international isolation over its seizure of the Falkland Islands, officials here have started warning in private that the confrontation with Britain is offering the Soviet Union an opportunity to extend its already considerable influence on Argentines.

U.S. and Western European diplomats say they are being told by high-ranking Argentine officers and civilian officials that Argentina may be forced into closer ties with the Soviet Union, which is already its leading trading partner.

The message is also being transmitted to foreign journalists. An officer who deals regularly with the press said that the only one "gaining from all of this is the Soviet Union, and the big loser is the United States."

Exploiting the situation, the Soviet Union has moved toward Argentina in the dispute, supporting its claim to the Falklands against what Pravda has called British "gunboat diplomacy." Pravda has called the U.S. secretary of state, Alexander M. Haig Jr., who has been trying to find a basis for negotiations, "a messenger for British colonialists." Other Soviet commentary has criticized the European Economic Community's ban on imports from Argentina.

Cuba and Argentina have also taken steps toward improving their relations after a long estrangement over Central American issues.

Emilio Aragones Navarro, the Cuban ambassador, reappeared in Buenos Aires after a protracted absence and said at a news conference that he felt his country should "show Argentina its support at this moment."

Argentina, which has systematically cultivated Third World nations and described the Falklands issue as one of "decolonization," swiftly reciprocated, sending its ambassador, Ráfael Vazquez, back to Havana on Monday. Argentina's rightist military regime is one of the few South American governments to maintain active diplomatic ties with Cuba.

A similar pragmatism, cutting across ideological differences, has characterized the rapidly growing trade between the Soviet Union and Argentina. The Argentines refused to follow the Carter administration's grain embargo imposed on the Soviet Union after its intervention in Afghanistan in 1979.

Last year Argentina's grain and oilseed exports to the Soviet Union almost doubled, reaching 15.7 million tons, or nearly 77 percent of the country's crop exports.

The Soviet Union has been eager to redress a trade balance that runs heavily in Argentina's favor. Argentine exports to the Soviet Union totaled $3.4 billion last year, while imports of Soviet heavy machinery and other goods came to $67 million.

As Britain and the other members of the Common Market were moving to ban Argentine imports because of the Falklands takeover, the Soviet Union and Argentina signed agreements establishing two mixed companies for fishing in southern Argentina.

On April 6 the two countries signed contracts under which the Soviet Union is to supply Argentina with enriched uranium for its Atucha I nuclear power station near Buenos Aires. The United States, which had furnished Argentina with enriched uranium, has halted exports because the junta refused to sign the 1968 treaty to prevent the spread of nuclear arms.

Fear of Spread

There has been concern in Buenos Aires that if a war developed between Britain and Argentina, it would quickly spread. This concern has been heightened by reports that two Soviet submarines are in the South Atlantic and by persistent reports in diplomatic circles that the Russians are giving the Argentines satellite-gathered intelligence on the movements of the British naval force that is steaming toward the Falklands.

A Western ambassador said the Russians "have become almost naturally involved in this affair." He said he thought there was "a risk that the Russians could get involved" if war broke out.

Argentine diplomats were disappointed the Soviet Union did not use its veto in the UN Security Council on April 3 when a resolution was adopted calling for Argentina to withdraw from the Falklands and for London and Buenos Aires to negotiate. The Russians abstained.

But in view of their recent statements of support, the Russians are now expected here to take a more overtly pro-Argentine position if hostilities erupt.

Brezhnev Proposes Summit Talks in Fall

(Continued from Page 1)

third country, say in Finland or Switzerland, naturally with the preliminary consent of a corresponding government. The autumn of this year, for instance, October, could be a suitable time for the meeting, to my mind.

Mr. Brezhnev's remarks came in what Tass described as a "conversation" about a possible meeting with Mr. Reagan that Mr. Brezhnev had with a correspondent of Pravda.

More Uncertainty

The timing of the Tass story and the fact that it did not name the Pravda correspondent or say when the conversation took place suggested that one of the purposes in releasing it may have been to quash rumors here that Mr. Brezhnev had died Thursday or Friday while recuperating from an old heart problem.

Rumors about Mr. Brezhnev's health have rarely been as widespread or emanated from as many different sources as in recent days. The Kremlin may have decided to offer evidence that the 75-year-old leader was still alive and shore up his authority at home.

By calling the discussion with Pravda a conversation instead of an interview and by omitting to say when or where the conversation took place, Tass contributed somewhat to the uncertainty that has surrounded Mr. Brezhnev's whereabouts and health since his return from a trip to Soviet Central Asia on March 25.

For more than two weeks, Moscow has been rife with reports that he had been hospitalized after suffering what was variously described as a stroke or a "pre-stroke" spasm.

The Foreign Ministry and a team of prominent doctors who held a news conference three days ago claimed that Mr. Brezhnev was taking a regular break from his Kremlin duties. But they did not say that he had not been in the hospital, and on Friday morning a fresh round of rumors circulated saying that the Soviet leader had died during the night.

Later on Friday, Tass printed a message of congratulations on Syria's national day that was signed by Mr. Brezhnev. But the message failed to halt the rumors, some of which came from Russians who do not normally speak with foreign reporters about such things.

U.S. Studying Proposal

WASHINGTON (NYT) — The White House said Saturday that it would study Mr. Brezhnev's proposal for a summit meeting in the fall, but it said President Reagan still hoped Mr. Brezhnev would come to New York in June for an initial get-together.

Mr. Brezhnev's remarks were regarded here as a sign that the Soviet leadership wanted to halt pressure building up behind Mr. Reagan's original suggestion for a June meeting.

Moreover, some experts said the Brezhnev proposal might have been planned to counter speculation that Mr. Brezhnev was too ill to carry on his duties.

The administration, which had no advance indication of Mr. Brezhnev's proposal, moved quickly to indicate that it did not regard Mr. Brezhnev's apparent rejection of the June meeting as the final word on the subject.

"We will, of course, study President Brezhnev's remarks carefully," a White House statement said. "In the meantime, President Reagan remains hopeful that President Brezhnev will come to the United Nations this June and meet with him then."

In part because of Mr. Brezhnev's health, the Russians are believed to prefer formal summit meetings in which there is a minimum of spontaneity and a maximum of set agreements and other documents to sign.

Namibian Rebels Say Offensive Has Begun

The Associated Press

JOHANNESBURG — Nationalist guerrillas said Sunday that an attack against defense forces in South-West Africa (Namibia) last week was the start of a general offensive, it was reported here. The South African Broadcasting Corp. monitored the statement by the South-West Africa Peoples Organization from Luanda, Angola.

SWAPO killed six defense force soldiers Thursday in an ambush in northeastern Namibia, and another South African soldier was killed Friday by a land mine in the region, defense officials said.

Haig Plan Reportedly Offers Moratorium on Sovereignty

(Continued from Page 1)

Post, quoting informed sources, said that Argentina has presented Mr. Haig with a proposal that skirts the formal issue of sovereignty over the islands but gives Argentina the key administrative role in ruling them.

The paper said that the United States has not endorsed the new proposal. A State Department spokesman declined to comment on any aspect of the continuing mediation effort.

The proposal, reportedly signed by Mr. Costa Méndez and delivered to Mr. Haig last week, is understood to call for Britain and Argentina to withdraw their forces from the region during a two-week period.

The proposal reportedly does not directly address the sovereignty issue and does not even mention the word "sovereignty." But it does call for the Argentine flag to fly over the islands and would provide de facto Argentine sovereignty, The Post report said.

The British fleet sailed for the Falklands on April 5, and it was widely believed and reported that the fleet would arrive in the region of the Falklands early next week. British officials privately gave similar estimates.

Informed American sources now estimate, however, that the Royal Navy will not be near the Falklands until April 28 at the earliest, although the British could decide to get a few ships there earlier.

The fleet is said to be moving at about 12 to 15 knots. "If they were going any slower they'd be going backwards," said one informant. But he also added that the slow but deliberate speed also keeps up the psychological pressure on Argentina.

There are also what a number of officials called "rumors" that Washington has asked the British government to slow the pace of its armada to provide more time for negotiations. But these officials stress that this information has not been confirmed.

Mrs. Thatcher consulted with Cabinet colleagues by telephone Sunday as anxiety mounted over the continuing deadlock in peace negotiations, The New York Times reported from London.

According to aides, Mrs. Thatcher has not talked with Mr. Haig since he left London last Tuesday, but she is monitoring the situation through the British Embassy in Washington.

Parliament returns Monday from its Easter recess, and the prime minister can expect to face demands for a detailed report on Mr. Haig's negotiations. But if they are still alive, she may well refuse on the ground that untimely disclosures could reduce chances of success. Her office said that a statement on Tuesday appeared more likely, The Times reported.

On Saturday evening, Mrs. Thatcher cut short a visit to Chequers, the country retreat of British prime ministers, and returned to London for talks with Foreign Secretary Francis Pym, Defense Secretary John Nott and Home Secretary William Whitelaw.

Cairo Affirms Commitment

(Continued from Page 1)

of continuing the Palestinian autonomy talks and process of normalizing relations with Israel after April 25.

But Foreign Minister Kamal Hassan Ali was reported by the semiofficial Al Ahram newspaper Sunday to have told Mr. Stoessel that Egypt felt there was no reason for another formal document to recommit Egypt to the Camp David accords and peace treaty.

He was also said to have rejected an Israeli demand for an Egyptian commitment not to deal with the Palestine Liberation Organization, pointing out there was already a PLO office in Cairo with which the government has long had dealings.

Mr. Stoessel indicated Sunday that his negotiations between Egypt and Israel would "probably" continue into next week with more talks back here after his meeting in Tel Aviv with Mr. Begin.

Privately, U.S. officials said Mr. Stoessel was committed to staying in the area as long as necessary to assure that final stages of the withdrawal proceeded smoothly.

The Egyptians have forwarded to the Israelis their views on how arbitration should proceed over demarcation of the border around Taba on the Gulf of Aqaba and the administration of the disputed quarter-square-mile of land while this is being done.

Egypt wants a freeze on Israeli activity within the disputed area, where a hotel and tourist complex are being built.

At one point, Defense Minister Ariel Sharon of Israel was threatening to delay the pullout from the Sinai unless the Taba issue was resolved. But it seems both sides now realize the best that can be accomplished is to agree on procedures for arbitrating the dispute after the withdrawal.

On another issue, the alleged Egyptian violations of the treaty regarding troop levels in the semidemilitarized Sinai, the U.S. Field Mission charged with checking compliance with the terms handed in a report Sunday to both sides on its findings.

U.S. officials refused to say what the report concluded, but an Egyptian official was quoted by the official press agency Sunday as saying it contained "confirmation" that Egypt "has not violated the treaty."

Jet Tips on Wing in Texas

The Associated Press

AUSTIN, Texas — A Continental Airlines Boeing 727 with 72 persons aboard tipped onto a wing as it touched down Saturday at Mueller Municipal Airport because its left landing gear had collapsed. No injuries were reported.

WORLD NEWS BRIEFS

Lebanese Peace Plan Announced

The Associated Press

BEIRUT — Mediators have announced a four-point plan designed to end six days of street battles between rival Moslem militias that have left 79 dead and 194 wounded in Beirut and southern Lebanon, Lebanon's state radio reported.

The fighting pitted the Shiite Moslem Amal militia against leftist Moslems of the National Movement. The combatants met with Lebanese, Syrian and Palestinian leaders for six hours to reach a cease-fire accord Saturday. By evening a firm cease-fire was in place, the radio said.

The peace plan calls for dismantling military positions and withdrawing fighters from confrontation lines in Beirut and southern Lebanon; an investigation into the causes of the fighting; the drafting of a plan for coordinating military action against Israel in south Lebanon in cooperation with the Palestine Liberation Organization, and a meeting in Damascus to work out a broader political solution under the auspices of the Syrian government.

Meanwhile, an assistant military attaché at the U.S. Embassy was shot by a sniper Saturday as he drove through a crossing between east and west Beirut, officials said. He was not wounded seriously. The embassy would not release his name, but police sources identified him as Frederick Charles Hoff.

Chinese Man Seeks to Flee to U.S.

United Press International

PEKING — A Chinese man seeking to emigrate jumped over a wall of the U.S. Embassy and met with American officials before voluntarily surrendering to Chinese authorities, an embassy spokesman said.

The embassy declined to release the identity of the man. A Chinese government spokesman did not have any immediate information on the incident. An embassy spokesman said the man climbed over the wall surrounding the embassy compound at about noon Saturday.

"Entry was observed by Chinese authorities and he left the U.S. Embasssy compound shortly afterwards and turned himself in to Chinese officials who had expressed concern about the possibility that he might be a threat to American Embassy officials," the embassy spokesman said. "At no time was he a threat, and the embassy informed Chinese authorities of that."

Police Block Russian Worshipers

The Associated Press

MOSCOW — Soviet police stopped hundreds of people from attending Russian Easter services Sunday, but thousands of others flocked to cemeteries to decorate family graves with bread and roses and painted eggs.

Police set up barricades around most of the more than 40 Russian Orthodox churches in Moscow. They allowed older people inside, but blocked younger people. Tens of thousands of people streamed into the Vagankovskoye cemetery, one of the country's largest, to decorate graves.

The Orthodox Easter falls a week later than that of the Roman Catholic and Protestant faiths. It has endured as a Soviet tradition despite official opposition to religious belief.

Pope Prays for Bologna Blast Victims

The Associated Press

BOLOGNA — Pope John Paul II prayed Sunday at the Bologna train station for the victims of a 1980 terrorist bombing that killed 85 persons and injured 200 others.

The train station was the last of 12 stops in a one-day trip in which he called on Argentina and Britain to avoid "a bloody confrontation" over the Falkland Islands. The pope, who spoke at each stop, was greeted warmly by tens of thousands of people.

Police sources said Saturday that four Italian rightists had been arrested in connection with the Bologna train station bombing. More than 25 suspects have been detained since the blast Aug. 2, 1980, but no one has been brought to trial.

Glemp Asks Warsaw to Free Women

United Press International

WARSAW — Archbishop Jozef Glemp, Roman Catholic primate of Poland, demanded on Sunday that the authorities release all interned women as a show of respect for the dignity of women. About 50,000 Catholics gathered outside St. Ann's Church in Warsaw enthusiastically applauded his demand.

"We want to bring the request to the authorities from this place so that there will be no internment places for women in the month of Holy Mary," the archbishop said. More than 3,000 internees, including more than 200 women, remain in the camps instituted after martial law was declared last Dec. 13.

Adoration of Christ's mother is a major tenet of Poland's Roman Catholic population, and devotions to the Virgin Mary will take place throughout the country during May.

Falklands and Salvador Stall Nicaragua Talks, Officials in U.S. Say

By John M. Goshko
Washington Post Service

WASHINGTON — Despite Nicaragua's acceptance of a U.S. call for negotiations, the Reagan administration is stalling the start of talks because of the Falklands dispute and a belief that the Nicaraguans are insincere and need to be pressured further to stop aiding El Salvador's leftist guerrillas, administration sources say.

The sources said Friday that a delay in the negotiations is, in part, unavoidable because the secretary of state, Alexander M. Haig Jr., and the assistant secretary for inter-American affairs, Thomas O. Enders, are involved in an effort to avert warfare between Britain and Argentina over the Falkland Islands. Mr. Enders is expected to be the chief U.S. negotiator in any talks with Nicaragua.

But more important, the sources said, the administration does not believe that Nicaragua's government is prepared to negotiate toward achieving the U.S. goal of cutting off the arms, guidance and other aid that the United States contends is flowing from Nicaragua to the Salvadoran insurgents.

Instead, the sources said, U.S. policy-makers think that Washington's best strategy is to hold back. The hope is that internal unrest directed at the leftist, Sandinista-dominated government — and Nicaraguan fears about U.S. efforts to encourage the dissidence — will, as one source put it, "soften the Sandinistas up and make them more inclined to negotiate seriously on the terms we've proposed."

Specifically, the sources said, the administration does not believe the Nicaraguans were sincere in their offer, conveyed to the United States on Wednesday, "to begin serious and formal negotiations," including discussion of an eight-point proposal put forward by Washington two weeks ago.

That plan notably called for an end to Nicaraguan support for insurgencies in Central America, in exchange for a U.S. promise to prosecute exiles if they engage in activities aimed at the overthrow of the regime in Managua while on U.S. soil.

At a time when world attention has been diverted from Central America to the possibility of a British-Argentine clash in the South Atlantic, the administration's delaying tactics toward Nicaragua are unlikely to attract much notice. But if the Falklands dispute is settled, the administration could find itself enmeshed in a new controversy about whether its offer to negotiate with Nicaragua was made in good faith.

The administration never has made any secret of its belief that talks with Nicaragua are likely to prove unsuccessful. Until now, however, the administration has said it is committed to go ahead with such talks, partly as a gesture toward President José Lopez Portillo of Mexico, who has acted as an intermediary between the two countries, and partly to guard against the charge by congressional critics that it is interested only in a military solution to the Salvadoran civil war.

This charge is almost certain to be heard again if the administration is perceived as delaying in the face of Nicaragua's publicly stated willingness to begin immediate talks on any subject that Washington wants to discuss, including the U.S.-originated plan.

Nicaragua, in effect, would be in a position to reap a potential propaganda bonanza in Latin America and Western Europe by charging that the United States, after calling for negotiations and receiving a positive response, now is seeking to set new conditions for going ahead.

A prolonged U.S. reluctance to start talks could also exacerbate strains in Washington's relations with the Mexican government, which has staked much of its international prestige on its efforts to act as a peacemaker in Central America.

Main Air Link With Havana Shut by U.S.

By Richard J. Meislin
New York Times Service

MIAMI — The major air link between the United States and Cuba has ended operations, a week after the Treasury Department declared that it was "controlled by Cuba."

Since 1979, the airline, American Airways Charters Inc., has been the leading carrier between the United States and Cuba for tourists, diplomats, Cuban exiles, reporters and even anti-Castro insurgents.

The company, based in Hialeah, Fla., was best known among Americans for its Tropicana Express, a low-cost, one-day package that gave visitors a brief taste of the Caribbean's Communist stronghold. The visitors were welcomed warmly by the Cuban government for the U.S. currency they brought with them.

Through a link with Havanatur, a Panama-based company, the airline also controlled all travel of Cuban exiles in the United States to visit relatives in their homeland.

Reasons Unclear

Diplomats had known for some time that the airline dealt closely with President Fidel Castro's government. It was not clear why the Reagan administration decided to shut it on Friday.

Both Treasury and State Department officials said the decision was made on legal, not political grounds. A State Department spokesman said the action was not part of the Reagan administration's crackdown on trade between the United States and Cuba.

The broader issue of travel between the two countries "remains under review," a State Department official said, adding that "there is no reason why other air carriers should not respond to commercial demand" for flights to Cuba.

The Treasury Department technically put the airline out of business on April 9, by declaring it a designated national of Cuba. This action froze the company's assets and barred U.S. citizens and companies from doing business with it under laws prohibiting trade with the enemy.

The action left about 2,000 Americans stranded in Cuba and some Cubans in the United States. The government last week permitted the company to sponsor a few more flights, "basically to repatriate people both ways," according to a Treasury Department spokesman.

Roberto D'Aubuisson, the rightist political leader, during a preparatory ceremony for the opening this week of El Salvador's new constituent assembly. His credentials as a deputy are on the desk. *The Associated Press*

Salvadoran Military Asks Rightists To Share Power With the Centrists

By Laurie Becklund
Los Angeles Times Service

SAN SALVADOR — El Salvador's leading military commanders have quietly intervened in stalemated political negotiations here, in an attempt to persuade the rightist coalition to share its newfound political power with the centrist Christian Democrats.

Abandoning their policy of remaining outside the talks between the rightists and the Christian Democrats, five military leaders made a subdued joint appeal to the rightist leaders late on Thursday, according to sources close to the talks.

"The commanders simply spoke to them with logic," said a leading Christian Democrat who asked not to be named. "The country absolutely must be unified now. If the parties who participated in the elections are not unified, only the guerrilla forces can win. That is the point they made."

The Christian Democrats said military commanders were concerned about:

- The possibility of increased polarization in the country if Christian Democrats are left out of power.
- The risk of the U.S. Congress revoking military aid if the new government is too far to the right.
- A growing division within the military itself between the officers who support the Christian Democrats and those who favor the extreme right.

Members of the two major rightist parties said in interviews Friday that they have developed a proposal to Christian Democrats that would give them a greater share of power than the right had previously agreed to.

However, the ultrarightist political leader Roberto D'Aubuisson said Friday that the rightist leaders still plan to name a president and vice president next week from within their own ranks.

[Rightist political sources said last week that former Foreign Minister Antonio Rodriguez Porth of Mr. D'Aubuisson's Nationalist Republican Alliance, which is also known as ARENA, was the favored choice for the presidency, United Press International reported. But they said a compromise candidate, one less conservative than Mr. Rodriguez Porth and more acceptable to the United States and the Christian Democrats, could still emerge.]

Christian Democrats have sought a three-man triumvirate to rule El Salvador until presidential elections are held. At least one of the three must be a Christian Democrat, party leaders have said, or the entire party will refuse to participate in the government.

Mr. D'Aubuisson, a former intelligence major, said rightists may give greater power to the Christian Democrats in the legislative or judicial branches of the transitional government — but not in the executive branch. He said rightist leaders had assured the military that they will maintain the agrarian and banking reforms made by Christian Democrats during the past two years.

The entry of the military into the political arena is a delicate subject that politicians rarely address here, and that the military addresses virtually not at all.

After ruling El Salvador through a series of dictatorships for half a century, the military withdrew from politics after a coup in October, 1979, but it continues to wield real power from the sidelines.

A reliable source said Friday that a major military installation in San Salvador began small military maneuvers Tuesday as a quiet reminder to the right that it could not be overlooked.

The source termed the exercises a "palace coup" — a show of strength aimed at convincing the rightists to take on more Christian Democrats, or face a real military coup eventually. The report could not be confirmed.

Talks between the Christian Democrats and members of the two rightist parties, ARENA and the National Conciliation Party, the former official military party, have been taking place for nearly two weeks.

The talks became necessary when the election left real political power almost hopelessly splintered among various parties.

The Christian Democrats won 42 percent of the vote, the most of any single party but not enough to form a majority in the constituent assembly. The leftists, who have unmeasured but significant support in some areas of the country, boycotted the elections.

Algeria Seeks Improved U.S. Ties Despite Differences, Official Says

By Pranay B Gupte
New York Times Service

ALGIERS — Algeria is ready for a "new phase" of cooperation with the United States and wants an improvement in relations, despite major disagreements on foreign policy, a senior Algerian official said Sunday.

Col. Slimane Hoffmann, who is close to President Bendjedid Chadli, said, "We are ready for cooperation, and we feel that this is a good time for the Reagan administration to review our disagreements relating to American foreign policy."

He warned that U.S. policy "increases the danger to the region and puts us on the threshold of war."

Col. Hoffmann is chairman of the foreign relations commission of the ruling National Liberation Front and is an influential policy advisor in the one-party state.

He said, "We are ready for a balanced exchange, a relationship in which the rights of each party are respected and preserved.

"We wish we could have better relations with the American Congress and the mass organizations so that the American people could have better knowledge of us, and we of them. Our call is to the American people to improve our relations in the economic field, and also socially and culturally."

The comments represented a departure for ruling party officials, who almost never meet with foreign reporters. Col. Hoffmann emphasized that he was speaking not as an individual but "on behalf of Algeria."

Leadership Worried

His tone suggested a renewed Algerian desire to be open toward fresh U.S. initiatives in the region at a time when the Algerian leadership is concerned about the Reagan administration's intention to provide more military and economic assistance to Algeria's longtime adversary, Morocco.

Col. Hoffmann, 52, who was a leading fighter during Algeria's struggle for independence from France 20 years ago, said the Reagan administration's policies in North Africa and the Middle East would escalate existing tensions and perhaps worsen relations between the United States and Algeria.

"If this American policy continues, not only will relations suffer among us but we will then have to take appropriate measures," he said.

The Reagan administration has said it will militarily strengthen King Hassan II of Morocco, whose forces have been fighting Algerian-supported guerrillas for the last seven years for control of the phosphate-rich Western Sahara, a former Spanish possession that Morocco annexed in stages starting in 1976. The Reagan administration wants to include Morocco and Tunisia in a "strategic consensus" of moderate states to thwart Soviet expansionist aims in the Middle East and North Africa, and to blunt the alleged efforts of radical Libya to destabilize moderate Arab and African countries.

"When we look at all these operations and actions," Col. Hoffmann said, "the only conclusion for us is that all this is indirectly aimed against Algeria.

"In America they still put us in the East bloc. Why? Aside from the weapons we buy from the East bloc, our commercial dealings are 85 percent with the West, with only 5 percent with the East bloc, including the Soviet Union. But it seems that in the opinion of the Reagan administration, the one who is not with them is against them."

Col. Hoffmann said Algeria "has no desire to export our revolution... our main concern is our economic growth and development.

"The United States should not forget we are a freedom-loving people, just as Americans are — that we lost 1.5 million of our own in our independence fight. We cannot understand why Americans who love liberty so much don't understand our situation."

Col. Hoffmann recalled Algeria's role in obtaining the release of the 52 U.S. hostages held by Iranian militants.

"We did not expect that after the crisis the bilateral relations between our countries would necessarily or consequently improve dramatically," he said. "But what we saw was, to the contrary, the United States pouring arms into our neighboring countries. The analysis and justification they offered for these arms deliveries was that the weapons were not aimed at us but were for confronting Communism in the Gulf area. For us this is unbelievable and unacceptable."

Mugabe Vows an End To Private Enterprise

By Jay Ross
Washington Post Service

HARARE, Zimbabwe — Prime Minister Robert Mugabe has outlined a Socialist future for Zimbabwe and the eventual end of private enterprise.

Mr. Mugabe made it clear Saturday that in the long term, capitalism will have no role in the country. White-owned businesses and industry still dominate the economy.

His remarks are expected to sour potential foreign investors from entering the economy, which is usually regarded as one of the most promising in black Africa. Local business interests, feeling the pinch of the depressed world economy and a shortage of foreign exchange after a post-independence boom, are also hardly likely to be encouraged.

In his sharpest remarks on the subject of Socialism, Mr. Mugabe said at a press conference on the eve of the country's second anniversary of independence, "Eventually we hope we can socialize the entire socioeconomic system."

He gave no timetable, saying that "it will take some time to achieve" and "we will be quite judicious and cautious."

He said discussions will be held with businesses before socialization: "We don't want to lay ambushes on private enterprise."

Farming Not Mentioned

He made no mention of how the policy would affect agriculture. Zimbabwe has more than 5,000 white farmers, and they make it one of Africa's few self-sufficient countries in food production.

However, Mr. Mugabe left no doubt about his long-term ambitions. "Socialism means Socialism," he said. "It doesn't mean at the final stage we are talking of capitalism."

Mr. Mugabe has often proclaimed his Socialist credentials while at the same time saying that the country could not simply dismantle the capitalist economy it inherited after a bloody seven-year war for black-majority rule.

There has been little U.S. investment in Zimbabwe since independence, but H.J. Heinz, the food processor, has been negotiating to buy a local company that produces cooking oil. The deal is believed to be worth more than $15 million. The government reportedly has been balking at Heinz's insistence on a controlling interest in a company that could produce considerable export revenue.

Olive Branch

Mr. Mugabe combined his tough remarks with an olive branch to elements in both the black and white communities that are not part of his ruling Zimbabwe African National Union.

On Friday he appointed a white minister and a deputy minister from among nine white members of Parliament who defected from former Prime Minister Ian Smith's Republican Front last month and became independent. He also appointed three ministers from the Patriotic Front of Joshua Nkomo.

Mr. Mugabe fired Mr. Nkomo, his ally in the war of independence, and other Patriotic Front ministers two months ago for alleged involvement in hiding huge arms stockpiles reportedly found on properties owned by Mr. Nkomo and the party.

Mr. Mugabe said Saturday that several hundred Nkomo followers have defected from the army and have been responsible in recent weeks for a number of violent incidents in Matabeleland, Mr. Nkomo's stronghold in southwestern Zimbabwe.

Mr. Mugabe added, "As we also make gestures to the white community, we hope that reactionaries and very conservative elements will reorient their minds and hearts to be in line with the rest of us."

Mr. Mugabe also said he welcomed good relations with the United States and the Soviet Union but said Zimbabwe would refuse to "espouse the hostilities they have toward each other."

Zimbabwe Capital Renamed Harare On Anniversary

Washington Post Service

HARARE, Zimbabwe — One of the major remnants of white-ruled Rhodesia was removed Sunday when Salisbury, the capital, was renamed Harare on the second anniversary of independence for black-ruled Zimbabwe.

The move is the first of about 700 changes in the coming months that will give African names to cities, towns, rivers, and streets.

Harare, the name of a local chief, was the original designation before whites, under the leadership of Cecil Rhodes, settled in 1890 and named it Fort Salisbury in honor of Lord Salisbury, then the British prime minister.

The new name, announced during a day of celebrations presided over by President Canaan Banana, had been expected for some time.

Ecevit's Lawyers Say Regime Makes Charges Formal

Reuters

ANKARA — Lawyers for former Premier Bulent Ecevit say he has been charged with denigrating Turkey's image abroad in an interview with a Norwegian newspaper. Mr. Ecevit has denied having given the interview.

Mr. Ecevit, who had been held without formal charges since April 10 by the military authorities, faces a minimum prison term of five years if convicted. He was charged after allegedly criticizing the Turkish government in comments to Arbeiderbladet, the newspaper of the Norwegian Labor Party. Turkey has banned former politicians from making political statements.

Gen. Kenan Evren, the Turkish head of state, said Saturday that the government was going ahead with plans for a return to democracy. But he renewed a warning against political activity in the meantime.

"Some people are trying to invest in their political future," he said. "They will be prosecuted and get whatever sentence they deserve."

Prayers, Races Planned In U.S. Nuclear Protest

By Judith Miller
New York Times Service

WASHINGTON — Fasts and prayers for peace, bicycle marathons, a "Run for Your Life" race, teach-ins and a "dance for disarmament" will be held this week as part of a nationwide campaign that began Sunday to alert Americans to the dangers of nuclear war.

Spokesmen for Ground Zero, a nonpartisan, educational project that is sponsoring many of the events, said that the week would be the largest political protest drive in more than a decade.

The Ground Zero campaign and efforts like it have already led to a debate over national security and arms control policies. They have also led to more than a dozen congressional resolutions on arms control, including one calling on the United States and the Soviet Union to negotiate a freeze in development, testing, and deployment of nuclear weapons.

There has been little public criticism of the education campaign to date. The Reagan administration has been hesitant to criticize Ground Zero openly, in part apparently because many Republicans have been deeply involved in organizing the week's events.

The governors of North Carolina, Virginia, Kansas, Oklahoma, Arizona, and Hawaii have issued proclamations declaring Ground Zero Week, as have many mayors and city councils.

The administration has adopted a far less hostile posture toward Ground Zero than it has toward proponents of the campaign to freeze the superpowers' nuclear arsenals. Secretary of State Alexander M. Haig Jr. denounced as "devastating" an initiative calling for such a freeze that was introduced last month by Sens. Edward M. Kennedy, Democrat of Massachusetts, and Mark O. Hatfield, Republican of Oregon.

By contrast, President Reagan said on Saturday that he welcomed the increasing public concern about security and arms control policies.

"No one feels more than I the need for peace," he said. But he then reiterated his view that maintaining peace could depend on public support for a continuing U.S. military buildup.

Eugene V. Rostow, director of the administration's Arms Control and Disarmament Agency, also welcomed Ground Zero's campaign. In a statement released Friday, he said that a "bipartisan foreign policy cannot be restored until there has been a thorough, civil and disciplined debate about what our foreign policy is for, what it's supposed to accomplish, and by what means."

The numerous Ground Zero events planned in the week by their supporters and proponents of a nuclear freeze include these:

- In Winston-Salem, N.C., a local minister, has scheduled a "Run for Your Life" race next Sunday. Signs along the way will depict concentric circles of destruction from a nuclear explosion. The race, according to a Ground Zero spokesman, is intended to demonstrate that "not even the swiftest of foot would get very far when the bombs start falling."
- In Marshall, Mo., starting at Whiteman Air Force Base, a Minuteman missile site, riders on a tandem bike will distribute material, asserting that fallout alone would kill about 50 percent of the unprotected population along the proposed 370-mile (590-kilometer) route to the University of Illinois near Champaign.

Some participants describe Ground Zero Week as the first step toward the organization of a disciplined political lobbying effort to which candidates for public office will have to respond next November.

However, Roger C. Molander, a former National Security Council staff specialist on arms control who founded Ground Zero 10 months ago, said that the campaign should continue to focus on education.

Reagan Budget Offer Would Cut Into Benefits

By Spencer Rich
Washington Post Service

WASHINGTON — Compromise budget proposals offered last week to congressional leaders by administration officials would cut $6 billion from Medicare, Medicaid, food stamp and welfare benefits in the 1983 fiscal year, sources said.

That would indicate that a compromise agreement might include many of the major cuts that President Reagan proposed for those programs in his fiscal 1983 budget.

Two months ago, he proposed cuts of between $9 billion and $11 billion from medical programs, food stamp benefits and welfare, but the cuts found little support in Congress and many believed they would be dropped.

The compromise possibilities also include a slightly more lenient version of a proposal to penalize states that do not reduce error rates in welfare, Medicaid and food stamp programs to target levels. The proposed target levels were widely criticized by state officials as unrealistic.

'Working Options'

The list of possible cuts, described by Republican sources as "working options" rather than definitive White House proposals, was distributed by David A. Stockman, director of the Office of Management and Budget, at negotiating sessions last week between White House aides and congressional leaders. No final agreement was reached.

The negotiators also are considering a plan to save $12 billion by postponing and putting a ceiling on cost-of-living increases for Social Security and other programs. Such proposals have been greeted with skepticism in both parties.

The documents distributed at the negotiators' meetings postulated a $180-billion budget deficit in fiscal 1983, then outlined $87 billion in spending cuts or tax increases that would reduce the deficit to $93 billion. Earlier this month, the administration estimated the 1983 deficit would be $101.9 billion.

The tax increases, sources said, would include $2 billion in users' fees and $30 billion in revenues from a $3.60-a-barrel oil excise tax — not an import fee, as has been discussed — a 4-percent income-tax surtax, and elimination of the tax deduction for interest on some consumer loans. Elimination of that deduction, starting in 1984, would raise about $6 billion annually.

Among the cuts would be $5 billion in military spending, $5 billion in nonmilitary discretionary programs, and $4 billion in federal pay.

The proposal on Social Security cost-of-living increases would mean that instead of the 7.6-percent increase set to take effect July 3, beneficiaries would receive a 4-percent rise Oct. 3 and an additional, maximum rise of 4 percent Jan. 3, 1984, the sources said Friday.

This proposal also would apply to food stamps, veterans' pensions, military and civil service pensions and railroad retirement pensions.

According to Mr. Stockman's figures, these cuts would brings savings of $12 billion in fiscal 1983, at least $18 billion in 1984 and $24 billion in 1985.

The sources said the administration list includes these possibilities in other programs:

- In Medicare, reducing reimbursements to physicians and requiring recipients to share in a larger portion of costs. A total of $6.49 billion would be saved over three years.
- In Medicaid, requiring patients to pay a larger part of costs and giving states more power to recover long-term nursing costs from a beneficiary's estate. The savings would be $2.92 billion over three years.
- In welfare, strengthening work requirements and increasing the support burden on parents of older children. The savings would total $2.49 billion over three years.

Moscow Criticizes U.S.-German Pact On Moving Troops

The Associated Press

MOSCOW — Tass has expressed alarm about an agreement that would enable the United States to increase greatly its military personnel in West Germany in time of war or crisis.

In a commentary from Bonn on Saturday, Tass described the accord signed Thursday as the "most important military-political document since West Germany joined NATO in 1955."

The article said the agreement provided for West Germany's "further militarization" and also for use of its territory for "acts of aggression against other states."

"The fact that the agreement is intended for operation in a crisis or during a war cannot but deeply alarm any sensible man," the unsigned article declared.

The agreement enables the United States to bring six divisions to West Germany to reinforce the 260,000 troops it maintains there. A U.S. official said the reinforcements would bring U.S. ground and air forces to "more than twice their present strength."

Reagans Pay U.S. Tax Bill Of $165,291

Los Angeles Times Service

WASHINGTON — President Reagan and his wife, Nancy, reported $418,826 in earnings in 1981 and paid $165,291, nearly 40 percent of it, in U.S. income taxes, their tax return shows.

The Reagans claimed $101,943 in deductions, including $5,930 for seven gowns Mrs. Reagan donated to museums. The gowns were purchased by Mrs. Reagan before her husband became president.

The return, released by the White House without comment, showed the Reagans were entitled to a $14 refund, which they applied to their 1982 tax rather than asking for a check.

Slightly less than half their income came from the president's salary, $189,167. The yearly salary of the president is $200,000, but Mr. Reagan did not take office until 20 days into the year.

The Reagans received $156,736 in interest income from various accounts, a blind trust and delayed compensation on an old real estate sale. Among other sources of income were film residuals from their acting careers, producing income of $5,331. Mrs. Reagan received $41,913 as an advance on foreign sales of her previously published book, "Nancy."

Mr. Reagan got $22,197 in pension for his eight years as governor of California. The Reagans claimed $6,096 in moving expenses for their move from Los Angeles to the White House. They reported paying $33,438 in state income taxes.

Washington's Press Corps

United Press International

WASHINGTON — There are 4,355 journalists accredited to the congressional press galleries here, according to a survey published by the National Journal. The number of broadcast reporters has grown in the last 20 years from 242 to 1,500, the Washington-based weekly said.

U.S. Court Rules Against Union Fees For Nonmembers

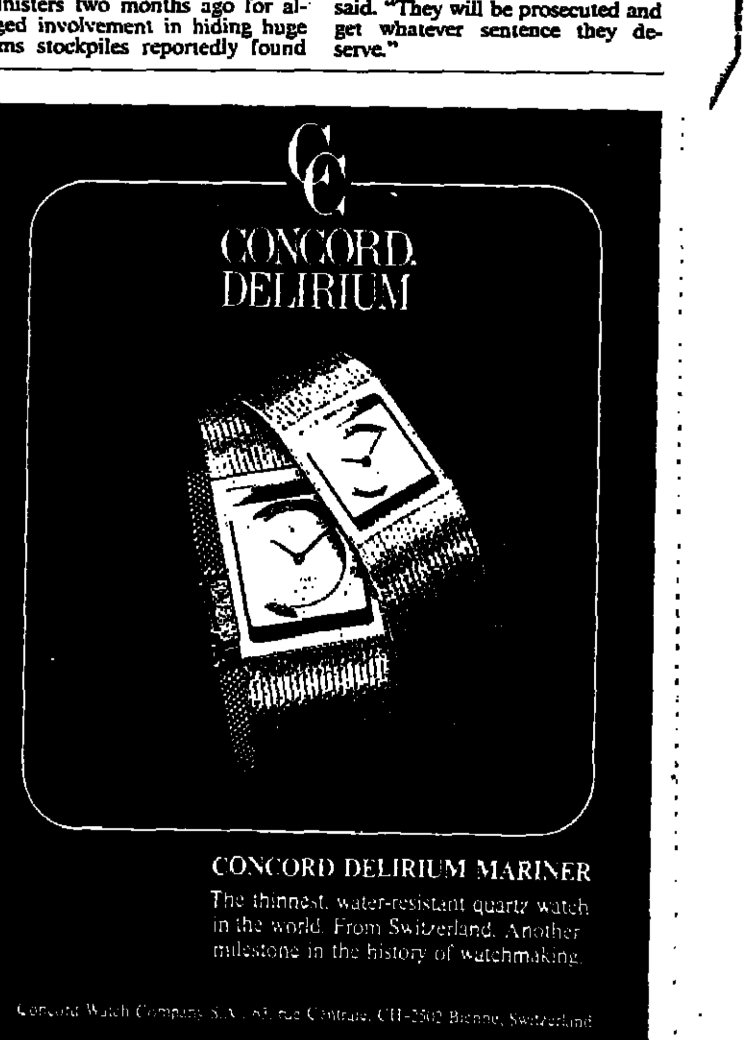
New York Times Service

WASHINGTON — A federal appeals court has ruled that in the 20 states where compulsory unionism is outlawed, unions cannot insist on contract provisions that require payment from nonmembers.

The three-judge panel, dividing 2-1, rejected an argument that the National Labor Relations Act was intended to invalidate such state law provisions and to allow unions to assess nonmembers for a fair share of the costs of representing them.

Friday's ruling in Washington was apparently the first by any court on the question of fees tied directly to the costs of representing nonunion members of a bargaining unit.

The case grew out of a contract proposal by four local plumbing and pipe-fitting unions that nonunion employees of the International Paper Co. in Mississippi, Arkansas, Louisiana and Florida be required to pay representation fees. All four states have right-to-work laws prohibiting such fees. The company filed a charge of unfair labor practice with the National Labor Relations Board, which ruled in its favor. Friday's decision upheld that ruling.



INTERNATIONAL
Herald Tribune
Published with The New York Times and The Washington Post
Page 4 Monday, April 19, 1982

Atlantic Showdown

It is being asked why Secretary of State Alexander Haig has invested so much of his time and the country's prestige in trying to help keep Argentina and Britain from coming to blows. The answer no doubt is that he had hoped to wrap up his mediation sooner, but the thing got stuck and he felt he had to stay with it a bit longer. That way may lie further embarrassment. But that way also may lie a break in the case.

The military situation does not seem propitious for either side. The British can dish out some impressive damage at sea, by most estimates, but the Argentines should still be able to cling to the islands that they seized two weeks ago. The risk is that, deprived of the blue water that now separates their fleets, they will keep going at each other just because they are there.

The Security Council has demanded a cessation of hostilities — mostly an inhibition on the British since Argentina, being in possession of the islands, has no reason to open fire. But the British could contend Argentina had ignored the council's first demand, for Argentine withdrawal.

There are other nonmilitary pressures bearing on the two sides, especially on the Argentines. Buenos Aires, with weak reserves, needs every penny of its export earnings and its borrowings, and then some, to finance necessary imports and to keep up payments on its immense debts. The British have frozen Argentine assets, cut off trade and credit, and induced their European partners and Canada to bar Argentine imports. In return, Argentina has frozen British assets and suspended payments on its London debts. Britain's reputation as a safe financial haven has thus already been shaken.

But Argentina appears to be much more vulnerable. If there are prudent people in the junta in Buenos Aires, they should be looking a month or two ahead, beyond the drama of the fleets, at the possible collapse of the economy and — if that actually happens — at the sure collapse of their own leadership. From a cheap triumph gained by illegitimate arms, they would have moved to political disaster. The way to avert it is to enable the Haig mission to succeed.

THE WASHINGTON POST.

How to Tax Energy

It now seems clear: Any deal between Congress and the president to cut the 1983 deficit will include an energy tax. That is certainly welcome news. It would both ease the United States' fiscal pains and reduce dependence on foreign energy imports. What is not welcome is the lack of an open discussion of the form the tax will take.

The Reagan administration is reportedly leaning toward a fee on imported oil. But the fee has serious drawbacks. Sen. Howard Baker's preference, a broad-based tax on fuels, would spread the burden more fairly and ruffle fewer diplomatic feathers. The simplest energy tax is an oil import fee. It could generate much revenue and would require no new legislation; the president would impose a fee by executive order. A \$5-a-barrel tax would yield about \$9 billion at the port. The price of domestic oil would go up by a like amount so severance, corporate profit and personal income tax collections would also go up. How much revenue would result is uncertain; rough calculations put the figure between \$8 billion and \$12 billion.

But simplest does not mean best. For one thing, a fee would anger the nations that export oil, which see a selective tax on imports as economic warfare. Pleasing the oil exporters is surely not the highest goal of American policy. But neither is offending friendly countries like Mexico and Nigeria when the offense can be easily avoided.

More important, an import fee would hit some consumers much harder than others, notably people in the Northeast who heat their homes with oil. Those who heat with natural gas would escape much of the burden. Then, too, an import fee would create a new windfall for domestic oil producers: At least a fourth of any price increase would end up as after-tax profit.

An attractive alternative to the oil import fee would be taxes on all oil and natural gas, set neutrally to match the relative energy or British thermal unit content of the two fuels. A barrel of oil contains about six times as much energy as 1,000 cubic feet of natural gas. Thus a \$6 oil tax would mesh with a \$1 levy on natural gas.

That particular combination could yield as much as \$50 billion a year in revenues, more than either the administration or the congressional leadership is likely to ask for. But the tax rate could, of course, be scaled down to meet more modest objectives. The crucial point is to design an energy tax package that spreads the burden as broadly as possible and creates no unnecessary friction.

By these tests, the Btu tax is a winner.

THE NEW YORK TIMES.

On Stockpiling Minerals

The United States needs a national minerals policy, but not the one released by the White House recently. That policy — a blunderbuss supply-side approach of all-out mining and stockpiling — will be ineffective and expensive. A better approach is available.

There are some national security interests at stake. The United States should meet its stockpile goals for a small number of strategic minerals for which it has little or no domestic supply, no available or foreseeable substitutes and unreliable foreign suppliers. Chromium, titanium (the Soviet Union is its largest supplier) and platinum are examples. But that is a far cry from the indiscriminate stockpiling of the dozens of minerals and materials the new plan calls for. A better policy would call for a tough reappraisal of the 30-year-old rationale for a national defense stockpile, with a view to separating the few materials for which there is a strategic need from the many that are stockpiled largely to support declining minerals prices.

The idea that a minerals shortage has been created by a vast "lockup" of mineral resources on federal lands has no basis in fact. Most public lands are already open to mineral development, far more than are being explored or developed. Wilderness and wilderness study areas together amount to about 3 percent of the country, and most wilderness boundaries were drawn specifically to exclude promising mineral reserves. The new policy, which was drafted by the Cabinet Council on Natural Resources and Environment chaired by Interior Secretary Watt, appears to be aimed mostly at providing support for Mr. Watt's controversial open-the-wilderness plan. It may do that, but it is no solution to a minerals shortage. For the most part, easily extractable mineral reserves have been used up, not locked up.

A successful minerals policy would involve a heavy investment in research and development of new substitute materials for minerals and in recycling technologies and programs. New compounds — plastics, ceramics, carbon fiber composites and others — made of materials of which there is a limitless supply, can substitute for many minerals. And there are all kinds of unexploited opportunities for recycling that have the double benefit of removing poisonous heavy metals from air, water and waste dumps.

The administration prefers to rely on the direct but short-sighted approach. Last year, the president ordered a large foreign purchase of bauxite for aluminium. Meanwhile, funds were cut back for a modest research program to make aluminum from other deposits of which the United States has a huge supply. Even a massive substitutes and recycling research effort — that would be bound to have commercial payoffs — would cost a fraction of the \$12.5 billion the administration wants for a stockpile that can do nothing but sit there. It does not make sense.

THE WASHINGTON POST.

Other Opinion

Battlefield Nuclear Weapons

NATO's strategy of relying on so-called battlefield nuclear weapons as a cheap substitute for men has been dubious ever since the Russians achieved nuclear parity, and positively dangerous since they started to bring in new generations of theater nuclear weapons. The strategy carries twin dangers. On the one hand there is the danger that in any conflict NATO would have to leap too quickly into nuclear war to avert conventional defeat. On the other hand there is the danger that fear of nuclear war becoming uncontrollable would prevent or delay the use of nuclear weapons and would thereby make defeat certain.

The only answer is to abolish battlefield nuclear weapons and develop the ability to fight a longer conventional war.

— *From The Times (London).*

April 19: From Our Pages of 75 and 50 Years Ago

1907: The British Budget

LONDON — The British budget is the chief topic of the editorials today. The Tribune remarks: "Too much credit cannot be accorded Mr. Asquith, for his successful efforts to reduce the national debt. The fact that for 1906-7 and 1907-8 the reduction of the capital liabilities of the nation will not be less than £23 million affords eloquent testimony of the sagacity that has characterized his chancellorship." The Daily Mail says: "Mr. Asquith invites the nation to rejoice in an unprecedented national prosperity, despite the recent strain of war, the enormous waste on armaments, the severity of foreign competition in the world's trade markets and the spreading of poverty at the basis of society."

1932: World Trade Down

PARIS — Today's editorial in the Herald reads: "The total international trade of 1931, according to an estimate of the British Board of Trade, suffered a decrease of 27 percent under that of 1930 and 41 percent under that of 1929. Trade which in the first year of the Depression had shrunk to about the level of the 1921-1925 average, had retreated in the second year to that of the average for 1911-1913. It is unjustifiable to lay the entire blame on tariffs and trade restrictions. In 1931, as in 1930, a large part of the drop was due to the fall in prices. On the basis of volume, the United States' foreign trade seems to have decreased no more rapidly in 1931 than did the nation's domestic activity."

Ideology and Ignorance Amid Crisis

By Anthony Lewis

BOSTON — Anyone who wants to know why U.S. foreign policy is up to its neck in disasters these days will find illumination in some recent comments by Jeane Kirkpatrick, President Reagan's ambassador to the United Nations. She was defending her decision to appear as guest of honor at an Argentine Embassy dinner the night after Argentina invaded the Falklands.

Mrs. Kirkpatrick was asked about the dinner on the CBS interview program "Face the Nation." She said the administration had shown its disapproval of the invasion by voting in the United Nations to call for Argentina's withdrawal. Then why go to the dinner? Because, she said, "the United States has never taken a position on the ownership of those islands."

One panel member asked: "We have a position on armed aggression, though, don't we?"

After some preliminary sparring, Mrs. Kirkpatrick said: "Now, look, one has to be clear about this, I think. Armed aggression would take place in a clear-cut way against territory on which there was clear-cut ownership. The Argentines, of course, have claimed for 200 years that they own those islands. And the British have owned that they own those islands. Now if the Argentines own the islands, then moving troops into them is not armed aggression."

Perfectly clear: Aggression is not aggression if the aggressor claims he is the rightful sovereign of the land he invades. So Hitler was not an aggressor when he gobbled up the Sudetenland in 1938, because he claimed that that Czech territory was really German.

The explanation has all the slippery ingenuity of a third-rate academic treatise. But Mrs. Kirkpatrick is no longer an academic. She speaks for the United States. And in that role her words are numbing.

Mrs. Kirkpatrick's formula could be used to justify aggression in support of any irredentist claim. The world is full of such claims. In Latin America almost every country has a claim against some part of its territory by another country.

The principle agreed on when the United Nations was formed in San Francisco in 1945 was that territorial claims are not to be enforced by armed attack. The world was too dangerous. And it is more dangerous now.

In short, the propriety of Mrs. Kirkpatrick's appearance at that dinner had nothing to do with the fact that the United States has taken no position on who owns the Falkland Islands. Whoever does. The United States is against changing the status quo by force.

Until the Reagan administration, it was inconceivable that a high American official would sit down as guest of honor at an aggressor's dinner party the night of the aggression. Mrs. Kirkpatrick said she had checked with other officials about going to the dinner, so it was an administration decision.

If Mrs. Kirkpatrick had wanted to give a candid explanation, she might have offered one of the following:

• We in this administration think we have to line up as many countries as possible in the fight against world Communism. Argentina has an important role to play. That is why we have tried to end the chill of the Carter years and become friends with its military rulers. We do not want to risk all that now.

• It is true that some unpleasant things have happened in Argentina, such as the "disappearance" of thousands of people. But toughness is required to defeat left-wing terrorism, and that inevitably means there will be some excesses. As I suggested after visiting Argentina and Chile last summer, those countries could give good advice on how to prevent the spread of guerrilla war in Central America.

• Specifically, though I cannot say too much about this, we have been working for Argentine help against Nicaragua.

If you think about the explanation that Mrs. Kirkpatrick gave, or about the unspoken ones inherent in U.S. policy toward Argentina over the last year, you see the fatal characteristics of the Reagan foreign policy: invincible ignorance, unyielding ideology.

Color some regime "anti-Communist," and it earns our embrace. It does even though it is a brutal and incompetent tyranny. It does even though it works hand-in-glove with the Soviet Union. Ideological preconceptions prevail in the teeth of the facts.

I wonder whether doubts are nagging at Secretary of State Haig as he struggles heroically, and so far unsuccessfully, to defuse the effects of Argentine adventurism that was encouraged by a year of American policy. He knows that the Argentine regime is refusing to give up its aggression without assurance that it will keep the fruits. And he knows now that Russia is helping Argentina.

As for Mrs. Kirkpatrick and her dinner, there is a footnote that adds irony to her explanation. Not even the Argentines were sure she would be brazen enough to come. Since first writing about the party, I have heard from someone who was there that the embassy people were relieved and delighted when she turned up.

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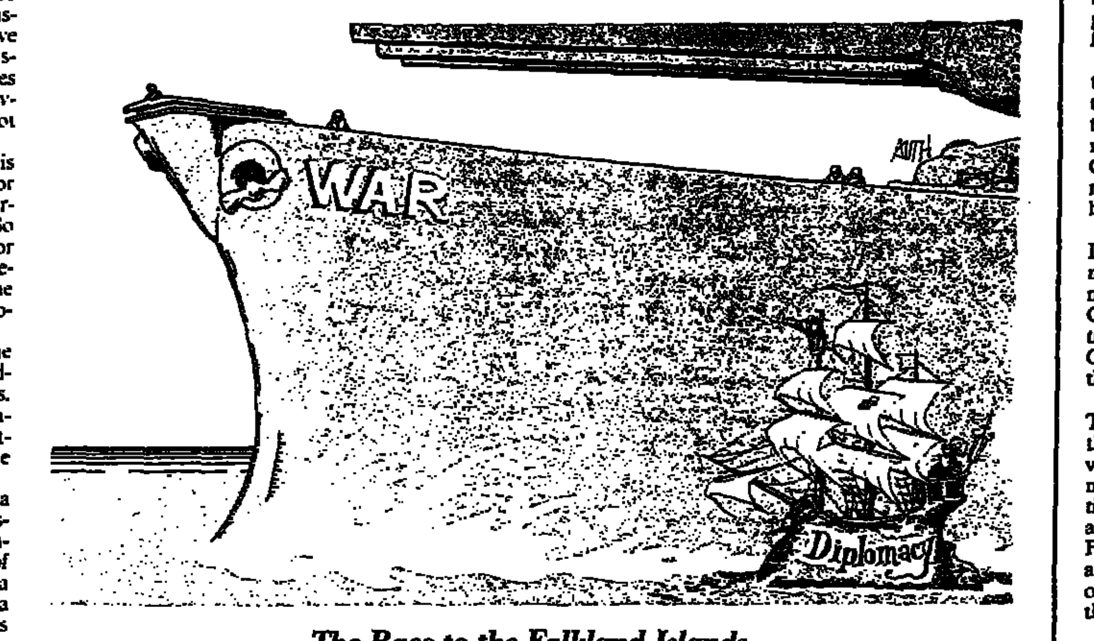

The Race to the Falkland Islands.

Defense in Europe: The First-Use Option

By Paul H. Nitze

WASHINGTON — It appears to be open season on proposals to dismantle the foundations of the alliance security policy developed in the post-World War II years.

To proposals to forgo various U.S. defense programs or to freeze the present unequal levels of U.S. and Soviet nuclear forces, there has recently been added a proposal to change our declaratory policy — that is, to announce that we will not be the first to use nuclear weapons.

A foundation stone of alliance security policy has been Article 2, Paragraph 4 of the UN Charter. It provides that all states should refrain from the threat or use of force against the territorial integrity or political independence of any state. Consistent with that, President Reagan stated Nov. 10 that "no NATO weapons, conventional or nuclear, will ever be used in Europe except in response to attack." To the extent that one can have confidence in Russia's adherence to its commitment to conform to the charter's principles, one's concerns for the security of the United States and the Atlantic alliance are diminished.

A second foundation stone of U.S. security policy has been the charter of the North Atlantic alliance. Under that charter, each of the signers is committed to regard on attack upon any other member within the alliance area as an attack upon itself.

A third foundation stone has been the policy of deterrence. The United States and other members of the alliance have deployed conventional and nuclear weapons precisely to prevent their use. It has been alliance policy to deter war of any kind with the Soviet Union or any of the Warsaw Pact countries. It was decided that the policy should be to deter any kind of an attack, whether nuclear or conventional, because any military confrontation between forces of a Warsaw Pact country and of a NATO country would involve unpredictably high risk of escalation, including the risk of escalation to use of nuclear weapons.

A fourth foundation is the policy of negotiating with the Soviet Union on the reduction of nuclear and conventional arms.

It is not clear that the proponents of a change in our declaratory policy as to first use would wish to undermine or abandon these four foundation elements of alliance policy. It would appear that they wish to accommodate U.S. and NATO strategy to current trends in public opinion and to move alliance procurement and defense policy toward increased conventional military capabilities and thus raise the nuclear threshold. The question is what the practical consequences of adoption of their proposal would probably be. Is it practical in the near-term future to so increase the conventional capabilities of NATO as to obviate the need for that increment to deterrence added by Soviet concern that a successful Warsaw Pact conventional attack on NATO could escalate into the use of nuclear weapons?

The facts of geography are against that proposition. The depth of the front on the NATO side in Europe is a few hundred kilometers; it is thousands of kilometers on the Soviet side. Reinforcements from the Soviet Union are 500 miles away; those from the United States are 4,000 miles distant.

It is argued, further, that a no-first-use policy would reduce budgetary pressures on alliance members, opening up new sources of funding for conventional force while reducing tensions more generally. It is hard to see how this could be so. Most of our allies spend nothing on nuclear forces. The strategic portion of the budget in the United States is now around 9 percent, or perhaps 15 percent when allocated overheads are included.

A no-first-use policy even if it led to a corresponding shift in nonstrategic nuclear deployment patterns would hardly lead to significant savings — surely not more than a percentage point, if that, of the defense budget as a whole. The larger conventional forces needed to compensate for such a doctrinal shift would surely cost far more, given the relative burden of conventional armaments compared with those in the nuclear field. While we support improvements in conventional armaments, we should not deceive ourselves about relative costs.

Given the continuation of the imbalance that led to the first-use doctrine in the first place, it is hard to see how a renunciation of the doctrine, in the absence of substantial Soviet reductions of conventional forces in Europe, would maintain the record of peace in Europe that has been obtained hitherto. Deterrence has worked. To remove the essential prop of nuclear deterrence prior to rectification of the conditions that led to its fashioning would be to tempt fate.

How can it be argued that a first-use policy poses increased costs to the coherence of the NATO alliance as well as an increased threat to world safety? Alliance coherence is a function of the efficacy of deterrence. If a no-first-use policy would reduce deterrence, as I believe it would, then world safety would decline rather than improve.

The author is chief U.S. negotiator in the Geneva talks with the Soviet Union on limiting medium-range nuclear weapons in Europe. He contributed this article to The New York Times.

On Toughening the Fight Against Genocide

By Jonathan Power

LONDON — Steadman Fagoth Muller, leader of an organization representing the Miskito Indians of Nicaragua, has accused the Sandinistas of engaging in "a policy of genocide" against his people. In El Salvador, the guerrillas' Radio Venceremos said in a recent broadcast that the Salvadoran people "are preparing to deal the genocidal dictatorship a mortal blow." Thomas Enders, the U.S. assistant secretary of state for Latin American affairs, has said he fears "a race war" in Guatemala.

No individual, organization or government in Central America has tried to have the United Nations Convention on Genocide applied to his or its country. Presumably this is not because they do not believe in their own rhetoric, but rather because the convention — adopted unanimously by the United Nations on Dec. 9, 1948, and inspired by the mass murder of Jews, Poles, Russians and Gypsies by the Nazis — is almost forgotten, a relic of the passion and ideals of postwar reconstruction.

Recent efforts to apply its strictures have been sidetracked. Charges relating to Pol Pot's genocide in Cambodia, Idi Amin's massacres in Uganda and the massacres of the Hutu by the Burundi government have all entered the UN machinery only to be shunted aside by one influence or another.

Yet genocide is not a subject that should be so easily ignored. Why has the genocide convention been allowed to languish without teeth and bite?

Its root weakness is its formulation. In the debates in the mid-1940s on the original draft, the Russians led an attack against the inclusion of political groups, on the theoretical ground that genocide was bound up with fascists and with Nazi race theories.

The French representative, who led the counterargument, observed that "whereas in the past the crime of genocide had been committed on racial or religious grounds, it was clear that in future it would be committed on moral or political grounds." But he and his supporters were voted down.

The result is that the slaughter of political groups, such as the Communists in Indonesia in 1965, or political opponents in Cambodia or Burundi, does not come within the terms of reference of the convention.

Also knocked out of the original draft was a reference to "cultural genocide," which would have extended the writ to those indigenous groups of peoples threatened with extinction by economic development, such as the Indians of Brazil or Paraguay.

The original draft, with its bold and tangible proposals on how the convention would be implemented, never saw the light of day. It had incorporated the principle of universal enforcement, permitting the state, whose authorities had arrested those charged with the crime, to exercise jurisdiction, regardless of the nationality of the accused or of the place where the offense was committed.

Likewise, the provision for an international penal court to try genocide offenses was dropped. All that was left by the end of the winnowing process of reaching for comprehensive agreement was the right of appeal to the UN Commission on Human Rights — a body which for most of its years has been uninspiring and ineffective and which has concentrated narrowly on southern Africa, the Middle East and Chile.

Just at the time when the commission was moving toward a more active and broader role, its director, Theodore Van Boven, was fired by UN Secretary-General Javier Pérez de Cuellar.

A new, exhaustively researched study entitled "International Action Against Genocide," written by Prof. Leo Kuper of the University of California in Los Angeles and published by the Minority Rights Group in London, concludes that the genocide convention "is almost a dead letter."

Kuper is not sanguine about reforms, since the United Nations is an organization of governments, and genocide is largely a governmental crime. He argues persuasively for the establishment of some process, or for institutions, relatively independent of the delegations of UN member states.

His ideal would be an international court to which supplicants could take their case. But the day when nations will allow an independent body to deal out punishment for their sins is long distant.

More realistic would be the appointment of a UN high commissioner for human rights. He would be in a position to visit threatened areas in an early stage of a genocidal conflict and meet government officials. If the high commissioner's representations failed, his reports would alert the United Nations and world opinion to the imminent threat of mass murder. This is merely building another conduit to public opinion. But if the high commissioner were a person of stature, whose honesty and integrity were widely respected, the job would be important.

It could publicly set a standard, rather than allowing an issue that fired the concern of those who originally tried to draft a powerful and effective genocide convention in the wake of Nazi destruction to lapse, gathering dust on shelves.

Jonathan Power is editorial adviser to the Independent Commission on Disarmament and Security Issues. The Kuper report is obtainable from the Minority Rights Group, 36 Craven Street, London WC2, for £1.20 plus postage.

Long Trip Ends for Trudeau

By Joseph Kraft

WASHINGTON — Except when drowned in a bath of blood, nationalist movements almost never stop short of independence. But Pierre Elliott Trudeau has achieved the accommodation of Quebec and Canada by peaceful means. With the visit of Queen Elizabeth, he now celebrates a historic triumph that merits attention the world over.

By all the usual measures, Quebec presents a prime candidate for national independence. The province occupies a distinct territory, rising from the lowlands of the St. Lawrence River. The population of French-speaking Catholics differs at salient cultural points from the English-speaking Protestants who predominate elsewhere in Canada.

These disparities made Quebec, for decades, a redoubt of sullen resistance to Canada's connection with Britain. The "enlightened" climate of the 1960s fostered in Quebec a virulent nationalist movement led by a talented organizer, René Lévesque, of the Parti Québécois. In 1976, Mr. Lévesque became premier of Quebec and began maneuvering to separate it from the rest of Canada.

Trudeau, the scion of a family that fused French and English traditions, came to power in Ottawa in 1968. His self-assigned mission was to keep Quebec within Canada. Indeed, he once said, in response to a question as to why he had entered politics:

"Each man has his own reasons, I suppose, as driving forces, but mine were twofold. One was to make sure that Quebec didn't leave Canada through separatism, and the other was to make sure that Canada didn't shove Quebec out through narrow-mindedness."

The fight against separatism Trudeau waged in Quebec. When the nationalist movement took a violent turn in 1970, he proclaimed martial law and sent in the Mounties. Thereafter, by his own person, and the attraction it exerted on French Canadians of outstanding ability, he pulled a growing part of the Quebec elite away from the separatist cause.

The big test came in May, 1980, on a referendum framed by Lévesque that sought a mandate for a new form of association between Quebec and Canada. Trudeau met the challenge head-on in a series of highly personal speeches. The referendum was defeated by a 60-40 majority, with almost half the French Canadian voters joining Trudeau in opposition to Lévesque. The next day the editor of a French paper in Montreal said of Quebec nationalism, "It's over."

Language rights were the instrument Trudeau used to open the rest of Canada to Quebec. In 1969 he pushed through an Official Languages Act which gave equal status to French and English in the federal system. But the political limits of the statute were exposed in 1976 when the Canadian air controllers went on strike against compulsory use of French.

Bill of Rights

A constitutional approach to the language issue provided the way out of the impasse that then ensued. Trudeau prepared a package of laws that brought to Canada, or patriated, the constitution which had technically been incorporated in a statute passed by the British Parliament in 1867. Included in the package was a bill of rights guaranteeing extensive protection to women, Indians, Eskimos and virtually all other minorities. Also included was a provision that guaranteed French-speaking schools all across Canada and English-language schools in Quebec.

Terrible political and legal difficulties cropped up. At one point eight of the 10 provinces opposed the constitutional package. The Canadian supreme court found that approval by a majority of the provinces was required by custom if not by law.

In a brilliant political maneuver last November, Trudeau offered to put the constitutional package to a referendum in each province. Lévesque accepted for Quebec. But the other provincial leaders — rather than fight a combination of women, ethnic and religious minorities and civil libertarians — refused. Trudeau thus gained his majority and the package was pushed through the parliaments in Canada and Britain. Queen Elizabeth came to Canada to proclaim the new constitutional regime.

A sorting out of federal and provincial responsibilities remains to be done, and will probably dominate Canadian politics for years to come. But Trudeau has completed the essential mission of an astonishing career. He has been in power almost 14 years — longer than any other leader in the industrialized world. He has taken his country safely through a terrible ordeal. He has demonstrated that nationalism and liberty can coexist. He has shown the supreme flexibility of the Anglo-Saxon political framework. He can step down in the next year secure in the sense that he has made his mark as one of the great men of the last quarter of the 20th century.

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Legislative Study Says U.S. Was Insensitive On Limited War Issue

By Charles Mohr
New York Times Service

WASHINGTON — During most of last year the U.S. government "was not adequately sensitive" to the effect that its discussion of limited nuclear war was having on West European public opinion, according to a report by the staff of the Senate Foreign Relations Committee.

The staff report did not mention any officials by name, but President Reagan prompted widespread comment and debate when, in remarks to a group of editors, he seemed to suggest that he believed a "limited" nuclear war might be confined to Europe.

The staff report, which examined a number of problems of the North Atlantic Treaty Organization and which was made public on Saturday, said that aggressive language by U.S. officials had "added to European grass-roots anxiety about nuclear war."

The report also concluded that "many Americans tend to overemphasize the extent to which nuclear disarmament groups in Europe are instruments of the Soviet Union."

Soviet Role

The staff study, ordered by the committee's chairman, Sen. Charles H. Percy, Republican of Illinois, said that "the Soviets clearly attempt to support, influence, and exploit the movement in many ways, but they did not create it nor do they direct it."

"The Soviets, however, would clearly gain if programs for unilateral nuclear disarmament were implemented," said the report, entitled "NATO Today: The Alliance in Evolution."

Sen. Percy wrote in a preface that "this study makes a convincing case that NATO is not now in crisis but that it could easily be pushed into crisis if issues are not managed carefully."

Meanwhile, Sen. Joseph R. Biden Jr., Democrat of Delaware, took a different line in saying that the emergence of a "substantial arms control constituency, voicing support for various 'nuclear freeze' proposals," may strengthen NATO.

This assessment by Sen. Biden, who is the second-ranking Democrat on the Foreign Relations Committee, was in sharp contrast with that of Reagan administration officials who have argued that nuclear freeze advocates would give military advantage to the Soviet Union and weaken the Western alliance.

'Severe Crisis'

The remarks by Sen. Biden came in a statement that accompanied a different study of NATO problems conducted by Stanley Sloan of the Congressional Research Service. His study concluded that the alliance "is in a severe crisis."

Sen. Biden is not one of the 25 senators who have sponsored a resolution calling for a freeze or halt in deployment of nuclear weapons, and his statement made clear that he thinks it would be more useful to pursue arms limitation talks with the Soviet Union.

However, Sen. Biden argued that the emergence of the congressional and public nuclear freeze movement in the United States would reassure European opinion by reaffirming "the abiding American commitment to nuclear sanity, notwithstanding this administration's idiosyncracies."

The Foreign Relations Committee report seemed to dispute contentions that the European allies had failed to take sufficient economic sanctions against the Soviet Union following the declaration of martial law in Poland, saying that, in general, European sanctions have paralleled U.S. sanctions "in scope and severity."

One exception, the report said, was disagreement about a U.S. attempt to block or delay construction of a natural gas pipeline from the Soviet Union to Western Europe, adding in a reference to Mr. Reagan's lifting of export restrictions on U.S. grain that "Europeans resent U.S. willingness to sacrifice their pipeline but not our grain."

The report also made glancing reference to a still-unresolved debate within the Reagan administration on East-West economic policy, in which Defense Department officials have urged more punitive economic policies toward Moscow than has the State Department. The report said the administration's policy "remains in the formative stages with some advisers advocating economic warfare while others advocate more limited trade restrictions."

United Press International

ROYAL SPLASH — Princess Anne cleared the barrier but landed with a splash at Horse Trials in Badminton, England. Neither the princess nor the horse was injured.

Rising Crime in Britain Becomes Political Issue

By William Tuohy
Los Angeles Times Service

LONDON — Britain long has been known as a land of law and order, where policemen are not armed and rules generally are respected. But that is changing.

In recent weeks, law and order has been shaping up as a controversial political issue, one that may play a part in the next national election campaign.

Police statistics published recently showed that last year was the worst in many crime categories since records first were kept. Coming after last summer's rioting in London and other cities, the statistics provoked a powerful reaction.

Some Conservative Party members promptly criticized Home Secretary William Whitelaw for being soft on criminals. Others called for the reinstatement of capital punishment, which was abolished in 1965. They put forward an amendment to the annual crime bill that calls for a debate on capital punishment, a move that was voted down by Parliament in 1979.

It is a debate the government would just as soon avoid, but it probably will lead to a vote on the issue. In such votes on matters of conscience, members of Parliament are freed of the pressure of following their party line. In the past, proposals to restore capital punishment have been rejected by comfortable margins.

The issue has tended to divide the country along political lines. The Conservative Party has firmly supported the police, while the opposition Labor Party often has criticized police actions.

The leader of the Greater London Council, Ken Livingstone, a left-wing Labor Party member, recently disputed the selection of Sir Kenneth Newman as the new head of Scotland Yard. Mr. Livingstone charged that when Sir Kenneth was head of the Royal Ulster Constabulary in Northern Ireland, he ultimately was responsible for the brutal treatment of some suspects.

Mr. Livingstone's charge drew a heated reply from Conservative commentators. Paul Johnson, a columnist, wrote in the Daily Mail that while Mr. Livingstone was "savaging" Sir Kenneth, the man who would be home secretary in a Labor Party government, Roy Hattersley, "was engaged in competitive criticism" of the present head of Scotland Yard, Sir David McNee.

Labor Blamed by Some

Many political observers think that the Conservatives would gain more than the Laborites if law and order became a decisive political issue.

There is a feeling among many Britons that the surge in criminal activity can be traced back to permissive Labor governments, both national and local, and to nonwhite immigrants who tend to support the Labor Party.

Schmidt's Party Faces Munich Congress With New Problems Possible

By John Vinocur
New York Times Service

BONN — The Social Democratic Party begins a weeklong convention in Munich on Monday that carries the possibility of new problems for the government of Chancellor Helmut Schmidt and NATO security policy.

Coming at a time when the party has suffered severe losses in regional elections and appears deeply split on a series of issues, the congress offers, as Mr. Schmidt has acknowledged, no likelihood of smooth sailing.

The question for the chancellor's supporters is the extent to which unavoidable floor fights can be contained to prevent further damage to the reputations of Mr. Schmidt or the party. The observers are not just West German voters, but also the Free Democratic coalition partners, who must decide whether the Social Democrats remain acceptable associates, and the Western allies, who have raised questions about the party's stance on security issues.

Mr. Schmidt can expect trouble in three areas: security policy, civilian use of atomic energy, and economic policy. The first question is the most sensitive, because Mr. Schmidt said a year ago that he would resign as chancellor if the party rejected support of the NATO decision on deploying new U.S. intermediate-range nuclear missiles in Western Europe. The alliance plans to deploy the missiles at the end of 1983 if current talks in Geneva between the United States and the Soviet Union bring no concrete results.

Throughout the winter, virtually every other weekend produced a regional party convention in which the NATO plan was challenged. It is believed that Mr. Schmidt has enough votes at the convention to fight off any frontal attempt to discard the party's support of the alliance program, but a much closer battle is expected on a moratorium motion that the party's left wing will propose.

This moratorium, or freeze plan, has little relation to proposals made in the United States, notably by Sen. Edward M. Kennedy, Democrat of Massachusetts, and Sen. Mark O. Hatfield, Republican of Oregon, for joint, verifiable halts in deployment of nuclear weapons.

Rather, the proposal in Munich will call on the party to back a freeze on deployment and preparations for deployment of new Pershing and Cruise missiles while the Geneva talks continue. Its opponents within the party's moderate grouping say this is a one-sided initiative that would eliminate any Soviet interest in serious negotiation and perpetuate advantages that the Soviet Union commands from the 300 SS-20 missiles it has already in place.

This would not be a direct rejection of the NATO plan, but Egon Bahr, the party's disarmament expert, has gone so far as to say that passage of a moratorium proposal would in effect kill the alliance program.

Mr. Schmidt has not made clear what his reaction would be to a vote in favor of a freeze, although he has said that his behavior as chancellor is governed by the West German Constitution and not by the decisions of his party.

Even if the more orthodox security motion proposed by the party's executive committee passes, it will not square entirely with what Mr. Schmidt has said his policy is. Without any government attempts at denial, West German newspapers reported this week that the United States and France have privately expressed concern about the leadership's motion.

It states that there is no "automatic link" between lack of progress in Geneva and deployment and that the party must have its say before any deployment can take place. By contrast, Mr. Schmidt asserted last November that the talks must "lead to a result by the summer of 1983. Otherwise, after that, at the end of 1983, we will station here."

The French concern involves a line in the motion backed by the party leadership that recommends that British and French nuclear weapons be brought into the Geneva talks, a position rejected by the West German government as well as Paris and London.

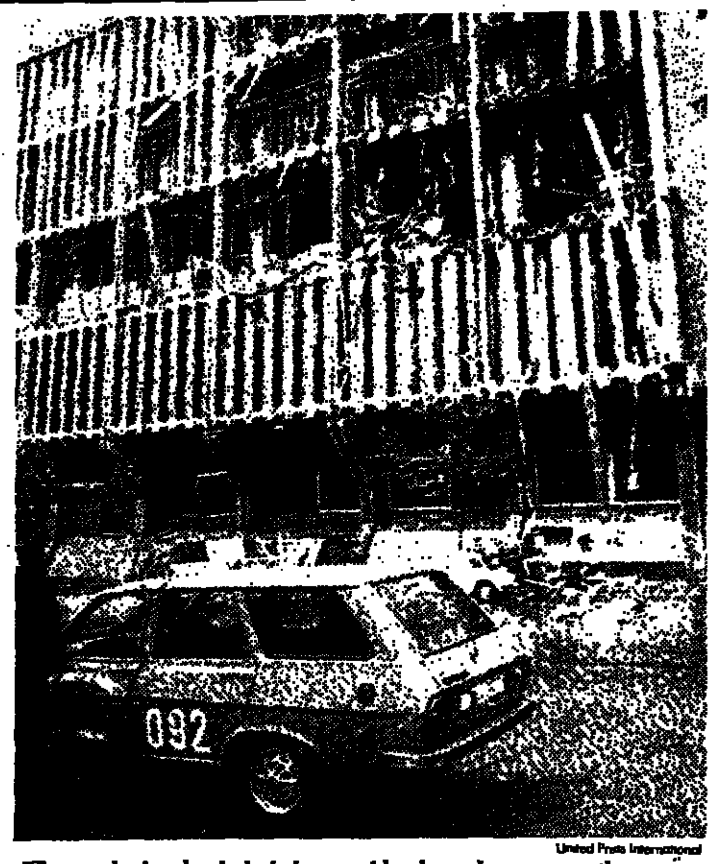
The atomic energy issue involves a motion, which has wide support, that calls for a two-year moratorium on the construction of nuclear reactors. The chancellor is opposed, saying that this would place West Germany in a disadvantageous competitive position in world markets.

Brandt on Missiles

BONN (AP) — Willy Brandt, the Social Democratic Party chairman, said on national television Sunday that all members of his party agreed it is "highly undesirable to deploy new [U.S.] missiles on German soil."

Erhard Eppler, a leading opponent of Mr. Schmidt's military policy and the missile deployment, said on the same television program that party opinion on the nuclear weapons issue had "changed markedly" since 1979.

He indicated that the Munich congress would do nothing to unite the party as Mr. Brandt and Mr. Schmidt swore and hoped it would.



United Press International

The explosion hurled girders and broken glass across the street.

Bombing in Madrid Knocks Out Phones

Reuters

MADRID — Gunmen believed to be Basque guerrillas blew up a key Madrid telephone exchange early Sunday, causing havoc in communications.

Company officials said up to 700,000 telephone lines were cut off, isolating Madrid from several cities and several cities from each other in central and eastern Spain. International communications were also affected.

Among the local lines affected were those of the Interior Ministry and several other ministries, several embassies, parliament and the national news agency. Some lines were affected at the office of Premier Leopoldo Calvo Sotelo, who summoned an emergency meeting of Cabinet ministers.

Salvador Sanchez Teran, president of the telephone company, said the damage was "very serious" and could not be repaired immediately. Four hundred technicians were called out to try to restore communications.

Responsibility for the explosion was not claimed immediately. But the Basque guerrilla organization ETA threatened Friday to launch an offensive against security forces before the World Cup soccer games open in Spain in June.

At least three persons were slightly injured when about 170 kilograms (375 pounds) of explosives went off in the four-floor building.

According to the police, five gunmen posing as policemen entered the building to inspect phone facilities for the soccer tournament. They held night-duty staff at gunpoint, planted the bombs and then fled.

Two passers-by were injured when the blasts blew huge holes in the building and hurled steel girders and broken glass across the street. A fireman was injured while putting out the fire.

On Friday, the ETA said it was giving security forces 30 days to leave the Basque country or face increased attacks. The military wing of ETA — the letters are the initials in the Basque language for Basque Homeland and Liberty — is fighting for an independent Marxist country and regards the security forces as occupiers.

The promised offensive appeared to pose a major threat to security for the soccer competition opening June 13. France, Czechoslovakia, Kuwait and England will play in the Basque city of Bilbao on that day.

Interior Minister Juan José Roson said over national radio that ETA's military wing seemed to have mobilized its estimated 40 to 50 guerrillas in a string of attacks during recent days. "We could be facing their great final offensive," he said.

Security measures were stepped up around radio stations, power and transport facilities and strategic points in Madrid while police and the Civil Guard manned roadblocks outside the city.

2 French Ministers Split Sharply On Police Powers and Security Law

The Associated Press

PARIS — When President François Mitterrand returns Monday from his five-day visit to Japan, he will find himself in the middle of a public dispute over law and order between two of the top ministers in his Socialist government.

The long-brewing conflict broke out publicly Thursday when Interior Minister Gaston Defferre told a meeting of high-ranking police officials that he wanted tough new measures giving police more discretion in checking identities and the right to shoot after giving a warning.

Justice Minister Robert Badinter replied the following day that the interior minister was "speaking only for himself." He added, "All decisions relative to identity checks will be submitted to the arbitration of the prime minister and the Cabinet."

Prime Minister Pierre Mauroy has called the feuding ministers to a meeting Monday in an effort to resolve what some see as an increasing divergence of views among the ruling Socialists.

The core of the problem lies in the government's plans to abrogate a law, designed to toughen the penal code, passed late in the term of President Valéry Giscard d'Estaing, a conservative.

The so-called "security and liberty" law included an end to suspended jail terms and parole for some repeat offenders and fixed mandatory sentences. It also gave police a wider power to make identity checks.

The bill was hotly contested by the Socialists, who were then in opposition.

Mr. Badinter, a liberal lawyer, has made abrogation of the law the top priority in plans to revise the penal code. However, when the project was brought before the Cabinet earlier this month, action was postponed, leading some observers to believe there were serious differences of opinion in the government's top leadership.

"Identity checks are one of the essential arms of preventive policing which I intend to stress," Mr. Defferre told the police officials.

On the use of firearms, police now are allowed to shoot only when their lives are threatened. Mr. Defferre wants to give them more flexibility, giving them the right to shoot after a warning.

Opposition was immediate. "A disquieting idea appears through the proposals of the interior minister: a France of 54 million suspects," the leftist-leaning daily Le Monde wrote.

The Professional Association of Magistrates said, "Our first reaction to the declarations of the interior minister is astonishment," and that the firearms proposal could lead "to the right to kill." Lawyers' organizations denounced it and police unions gave a mixed reception, some saying the minister's proposals went farther than what the police wanted.

Conservatives approved of Mr. Defferre's idea. The daily Le Figaro suggested that either he or Mr. Badinter step down.

Charles Pasqua, head of the neo-Gaullist opposition group in the National Assembly, said Mr. Defferre "today has opened his eyes to reality."

While in opposition, the left condemned what it called the repressive ideology of the conservative governments. Since taking power last May, the government has abolished the death penalty, the state security court, military tribunals in peacetime and maximum security areas in prisons.

Those measures, however, were seen as largely symbolic and, when faced with the reality of dealing with crime, opinions among government leaders have varied.

The magnitude of the split is not clear, but there is little doubt that Mr. Mitterrand is coming home to one of the most difficult problems of his 11-month-old government.

Zurich Demonstrators Are Dispersed by Police

Reuters

ZURICH — Police used tear gas and rubber bullets in Zurich to break up an illegal demonstration by hundreds of youths from 11 different organizations, the Swiss news agency SDA reported.

The march on Saturday was the latest of several demonstrations by youths in Swiss cities to protest alleged repression by authorities. It followed the closure of an autonomous youth center Thursday in Bern over charges that youths connected with the center had stolen and eaten a rare crane from a local zoo. A youth center in Zurich was closed in March following claims that the building had become a haven for drug addicts.

Mitterrand Can't Sway Japan on Trade Issues

By Steve Lohr
New York Times Service

TOKYO — During his five-day trip to Japan, which ended Sunday, President François Mitterrand of France was offered what one Japanese government official described as mostly "tea and sympathy and politesse" in talks covering Japan's huge trade surplus with the West.

Trade and economic issues were the main points of talks between Japanese officials and the delegation led by Mr. Mitterrand in his visit here. Though former President Valéry Giscard d'Estaing was in Tokyo in 1975 for an economic summit of the major industrialized nations, Mr. Mitterrand's visit was the first official trip ever made by a French head of state to Japan.

[Tokyo airport officials said Mr. Mitterrand left Japan on Sunday, Reuters reported. On his way back to France, the French leader scheduled a short stop in Vancouver, British Columbia, for talks and dinner with Prime Minister Pierre Elliott Trudeau of Canada. French officials said the brief session would be part of the preparation for the summit meeting of leaders of the world's seven main industrial nations at which Mr. Mitterrand will play host in Versailles, France, in early June.]

During his stay in Japan, Mr. Mitterrand urged Premier Zenko Suzuki to take steps to reduce Japan's trade surplus. At the same time, the five French ministers who accompanied Mr. Mitterrand held more detailed discussions with their Japanese counterparts. "His ministers were trying to win trade concessions," said Shohei Naito, spokesman for the Ministry of Foreign Affairs.

The Japanese, however, do not appear to have made any significant response to the French requests. A joint statement on trade issued Thursday contained little that was specific or likely to increase sales of French products to Japan. The statement noted that Japan has bought 15 French helicopters in the past year and that negotiations for the purchase of an additional 37 are in progress. In addition, tariff rates on French brandies will be reduced slightly in the next fiscal year.

The statement noted that talks in several areas will be continued, including the possible purchase of French Airbus jets by Japanese airlines. Finally, procedures for importing flour suitable for making *baguette*, a French bread, will be "facilitated."

Since France already has strong curbs on Japanese products, threats of placing more trade barriers by France would be empty. For example, through government guidance to its importers, France restricts the Japanese share of the French car market to 3 percent or less.

"We have nothing to fear from France," a leading Japanese trade official said. "The French market is already closed to us."

Because of protective restrictions in both countries, trade between the two countries is relatively small, amounting last year to $3.39 billion, according to the Japanese Ministry of Finance. By contrast, overall trade between the United States and Japan last year was $59.4 billion, the U.S. Commerce Department reports.

Moreover, the French trade deficit with Japan of $1.05 billion in 1981 was less than half the deficit with Japan posted by either Britain or West Germany. Still, the French deficit with Japan has doubled in the past three years.

Mr. Mitterrand emphasized that he would like Japan and France to be "good partners" before being competitors.

International Bond Prices — Week of April 15

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

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STRAIGHT BONDS
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HIGHEST YIELDS
to Average Life Below 5 Years

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HIGHEST CURRENT YIELDS

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DM STRAIGHT BONDS

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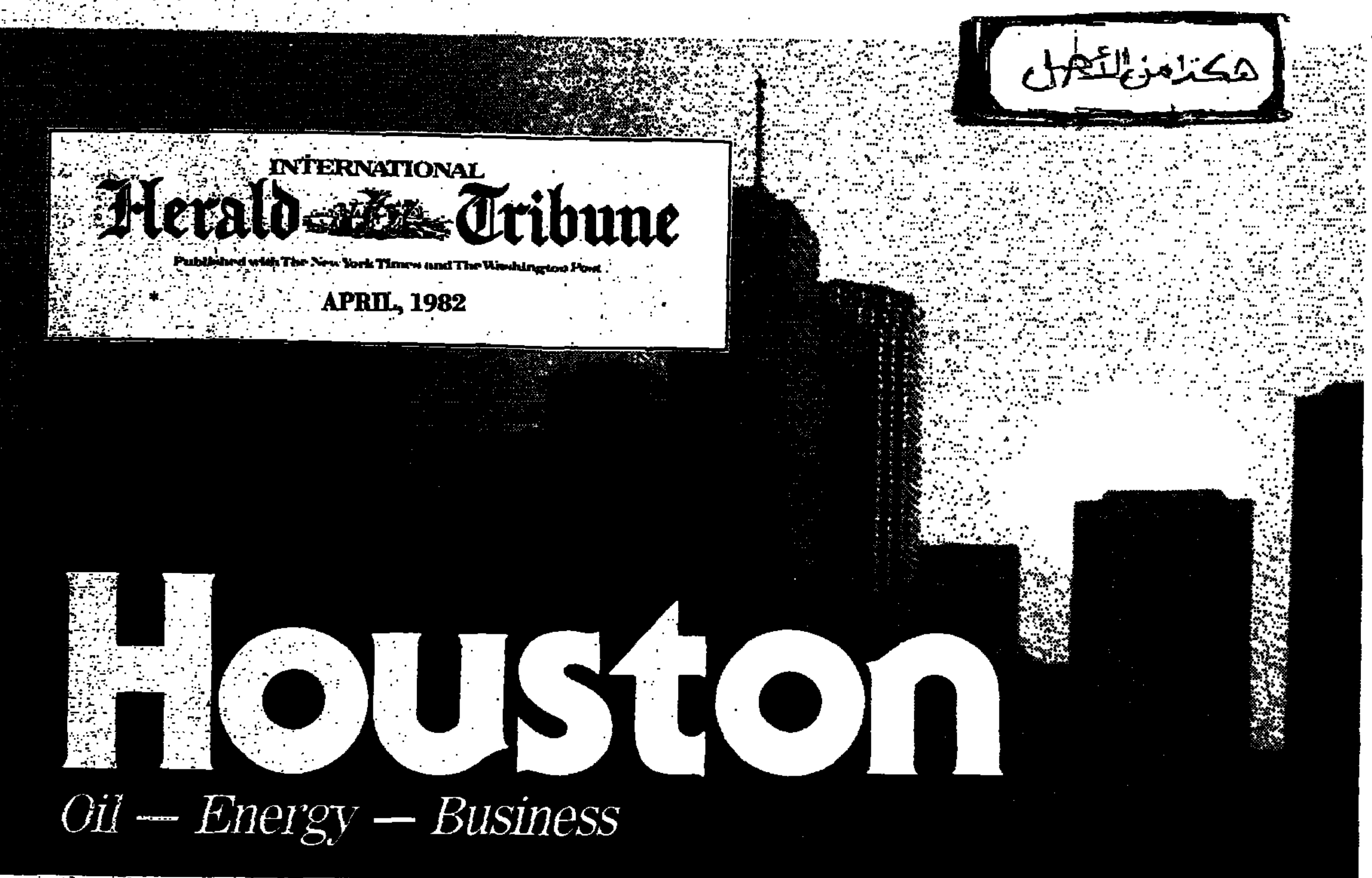


Houston

Oil — Energy — Business

city of the future today sets sights on the world

By Maureen Sherwood

HOUSTON — Houstonians are proud of their city: a cluster of glass skyscrapers ringed by refineries and tract houses on a muddy plain in East Texas.

They tend to talk of Houston in superlatives — the fastest-growing city in the United States; the world's largest exporter of grain and oilfield equipment; the city of the future today. And if Houston's freeways are not exactly paved with gold, they are certainly lined with luxury cars — usually snarled in traffic jams along with the compacts.

The lure of prosperity has drawn people to Houston from around the world. The city's population has skyrocketed from 600,000 in 1951 to more than 3 million today. Immigrants are flocking to Houston at the rate of about 800 a week from the hard-hit industrial north, from Mexico, but also from Australia and Brazil.

They come, of course, for the jobs — and Houston has jobs, at least for skilled white-collar workers. The Houston Chronicle boasts more want-ad pages than any paper in the United States — 90 were counted in a recent issue. For this reason, the paper is a big seller in depressed northern urban regions. For unskilled, blue-collar workers, however, jobs are hard to find in Houston.

Business Climate

Corporations are arriving in town almost as quickly. A recent study by Dun & Bradstreet concluded that Texas had the most favorable business climate of the country's 48 continental states. There is no state income tax, no corporate tax and few unions. To executives, such conditions are almost irresistible, and since 1970 more than 200 major American corporations have relocated in Houston, including giants such as Shell Oil and Kellog.

Internationally, too, Houston is big on the map. More than 50 countries have consulates here. About 20 percent of the buildings in the downtown area are foreign-owned. Sixty-three foreign banks from 18 countries have offices here, and there are more than 600 foreign companies.

Visitors from abroad spend about $150 million annually in Houston stores. On the investment side, real estate in Houston is being bought heavily by foreign investors finding land and buildings here cheaper than elsewhere and less complicated to acquire.

Houstonians maintain that money can be made here more easily than virtually anywhere else in the United States.

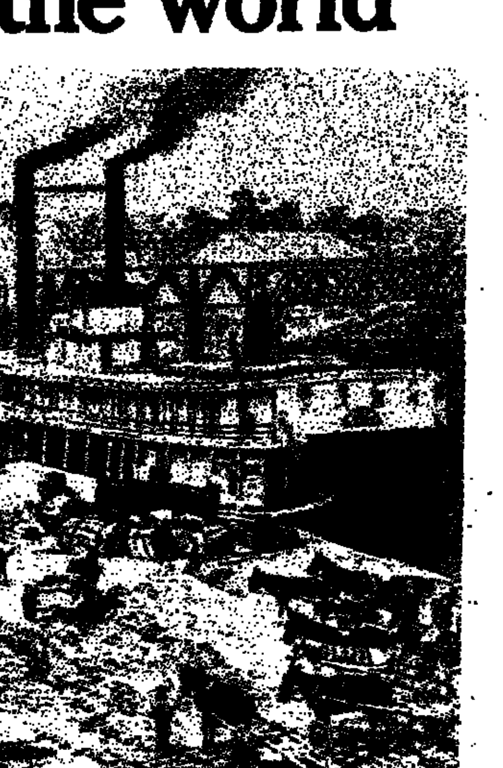
"You can stand on the corner of Lamar and Louisiana [in the center of town] with a fist full of money and find all the technology you need to get into the gas and oil business," said John F. Bookout, president of Shell Oil. "And if you don't have the money, in the same five blocks you can get all you need from the financial institutions."

Appropriate Irony

That sort of hell-for-leather attitude is rooted in Houston's history. It is an appropriate irony that Houston was founded by two Northern brothers seeking "unrestrained capitalism" in the South. August and John Kirby Allen were estate promoters who put down $1,000 for half a league of land and named it after Sam Houston, the Texas hero who had recently defeated the Mexican army at San Jacinto, about 20 miles south of Houston.

Houston was soon established as a major shipping center for the region's cotton, timber and cattle. But the real break came when oil was discovered at Spindletop in 1901 and soon after that at Humble near Houston. By 1920, oil corporations such as Texaco, Gulf, Sinclair and Humble (later Exxon) had begun refining operations in Houston.

Each subsequent rise in the price of oil has generated more cash for the city. The Arab oil embargo of 1973-74 proved a windfall for Houston. In 1979 with



Steamer delivering goods a century ago.

the worldwide oil glut, more than 1 billion barrels of oil were produced in Texas, creating more than $12 billion in revenues. Most of that petroleum — and cash — passed through Houston, which, as the headquarters for more than 400 oil companies, is "oil city." According to Pennzoil chairman, J. Hugh Lierdtke: " If you want to be in the ball game, you have to be in the ballpark, and this *is* the ballpark."

Houston's oil wealth has been channeled into other ventures too. A multibillion-dollar petrochemical complex has sprung up along the deep channel linking Houston to the Gulf. Houston is also the nation's leading supplier of fertilizer and agricultural chemicals such as nitrogen and sulfur. The city is the second largest international financial center in the United States, second only to Wall Street.

The Port of Houston leads the country in foreign trade, with 53.7 million tons of imports and exports in 1981.

Foreign Patients

Medicine is another major industry here. The Texas Medical Center is the city's single largest employer, with almost 30,000 on the payroll. Hospitals like the Texas Heart and Cancer Institutes last year attracted more than 6,000 foreign patients.

Residents are happy that "Houston" was the first word uttered by man when first he stepped onto the moon — a reference to the radio call name of National Aeronautic and Space Administration's mission control located at the Johnson Space Center.

Though Houston has come to be called Space City, the Space Center has proven to be more of a public-relations and tourism bonanza than anything else. It employs only 3,000 people. In fact, the Houston location was chosen mainly at the urging of the then vice president, Lyndon Baines Johnson — a Texan.

Contrary to popular belief, the space center has not spurred the deevelopment of a space technology and aeronautics industry in the area.

But Houston has earned a name for itself as an international travel center. A new terminal was recently completed at the Intercontinental Airport here costing $114 million, and another is scheduled to

(Continued on Page 9S)

U.S. urged to reduce dependence on energy from developing lands

By Barbara Shook

HOUSTON — The United States and other industrial nations should not count on oil and gas discoveries in developing countries to supply future energy needs, according to Houston energy executive H. F. Keplinger.

Most strategists are overlooking the fact that developing countries are using two to three times as much energy for the same amount of output as developed countries, Mr. Keplinger said.

In addition, much of the petroleum found in these countries will be required for the industrial, agricultural and other domestic needs of the country. He notes that agricultural operations are particularly energy intensive and that a fuel shortage would affect food production.

Mr. Keplinger is chairman of the Keplinger Companies, an international energy consulting firm that provides engineering, field supervision and management services to the petroleum industry around the world.

He cited Mexico, China and North Sea countries such as Britain and Norway as nations that probably will be short-term petroleum exporters. Eventually, however, each country's internal demand probably will equal or even surpass its own production capabilities.

Exports for Funds

In the case of China, in particular, Mr. Keplinger said he believes that oil exports would be made to provide funds to finance further development of petroleum resources and the general industrial base.

Whatever happens elsewhere, Saudi Arabia is the key to the whole world energy situation, Mr. Keplinger said. For one thing, he added, Saudi Arabia can exert enough pressure to force purchasers to continue to take more expensive crude from Nigeria and other members of the Organization of Petroleum Exporting Countries.

According to Mr. Keplinger, Saudi Arabia has a much more sophisticated approach to energy and a national energy policy than the United States. He said that the Saudis were smart enough to be able to keep the price of oil just below the level necessary to make many alternate energy projects feasible.

The price-setting function, however, is becoming less of a political action and more of a response to the market place, he said. This has been demonstrated by the current situation.

Prices will continue to be depressed for another three to six months before they start rising again, he predicted. The mix of posted prices and lower spot market prices will continue through the fall or even into early 1983, he said.

Firmer Market

By that time, stocks in storage will have been drawn down, and the overall market will firm up. Mr. Keplinger forecast that prices will be around $35 a barrel and then will increase at the rate of inflation, plus 1 to 3 percent annually through the end of the century.

Hovering over the stability of the Middle East, Mr. Keplinger noted, is

(Continued on Page 10S)

OFFSHORE TECHNOLOGY CONFERENCE

The Offshore Technology Conference is an international technical meeting and exhibition devoted to the development of offshore resources and the protection of the ocean environment. The conference was founded in 1968 and is jointly sponsored by 11 of the world's most prominent engineering and scientific societies. The conference's sponsoring societies represent a combined membership of more than 400,000 engineers, scientists and business executives.

offshore technology awards for Huntsinger and Shell

Special to the IHT

HOUSTON — Fritz Huntsinger Sr., founder and chairman of the board of Vetco, Inc., of Ventura, Calif., and Shell Oil Co. have been named recipients of the 1982 Offshore Technology Conference Award for Individuals and Companies.

The awards will be presented May 3 at the Offshore Technology Conference in the Houston Astrodomain. Vetco is a manufacturer of drilling, completion and production equipment for land and offshore. Mr. Huntsinger received the award for his 50 years of technological achievements and for his contribution to the development of subsea wellheads, blowout prevention equipment, control systems and marine conductors for offshore drilling and production operations.

Shell was honored for the development and installation of the Cognac Platform, the tallest and heaviest steel platform ever constructed. It is situated 39 miles off the coast of Louisiana. The OTC cited Mr. Huntsinger for both his professional and humanitarian activities. During the last 10 years, Vetco had developed a hydraulic motion compensator for use in floating drilling, and the UNIFLEX joint, which was used to drill a record water-depth well. The company also developed a tie-back system as part of a subsea production system, which permits connecting subsea wellheads back to the permanent platform.

The Cognac Platform, hailed for its engineering and installation, is placed in 1,025 feet of water — the deepest for any fixed-leg platform — and weighs 59,000 tons. It is 175 feet taller than any other drilling platform. It is also the world's first three-part platform and is designed to withstand winds of 140 miles per hour and 70-foot high waves.

Cognac represents an investment of nearly $800 million. The platform alone costs $265 million. When full production begins in mid-1982, the platform's 61 wells will have a daily peak production of 50,000 barrels of oil and 150 million cubic feet of natural gas.

moving fast with free-enterprise spirit

By Jennifer Lawrence

HOUSTON — Houston's fast-moving and increasingly crowded freeways, dotted with Cadillacs, Mercedes-Benzes and pickup trucks, capture the free-enterprise spirit of the city.

Driving the freeways requires a certain bravado, a quality helpful in making it in Houston. If you can figure out the system, you can get anywhere. There are no speed limits to upward mobility in this city that prides itself on having few barriers to those who want to succeed.

Like the freeways, the city embraces people of all types and backgrounds who come to Houston in pursuit of the American dream. For many Americans that means simply having steady employment, which they hope to find here. But beyond the everyday lives of everyday people there is a Houston way of life that gives the city character. It is part J.R. Ewing (of the television show "Dallas"), part urban cowboy and part Scarlet O'Hara.

It's a city of "good old boys" who nevertheless last fall elected a woman, Kathy Whitmire, as mayor. George Bush, John B. Connally, James Baker and Leon Jaworski call Houston home. Two rival heart surgeons, Michael DeBakey and Denton Cooley, are neighbors at the city's Medical Center. Former astronauts like Alan Shepard and Walter Cunningham show up at parties from time to time.

Getting somewhere and being someone is what Houston is all about. Usually it requires making, having or spending money. Even the appearance of money is a plus — like the green-tinted Allied Bank Building under construction downtown in the shape of a dollar sign.

Houston makes no bones about its infatuation with money because money represents success. Like a newly made millionaire, Houston

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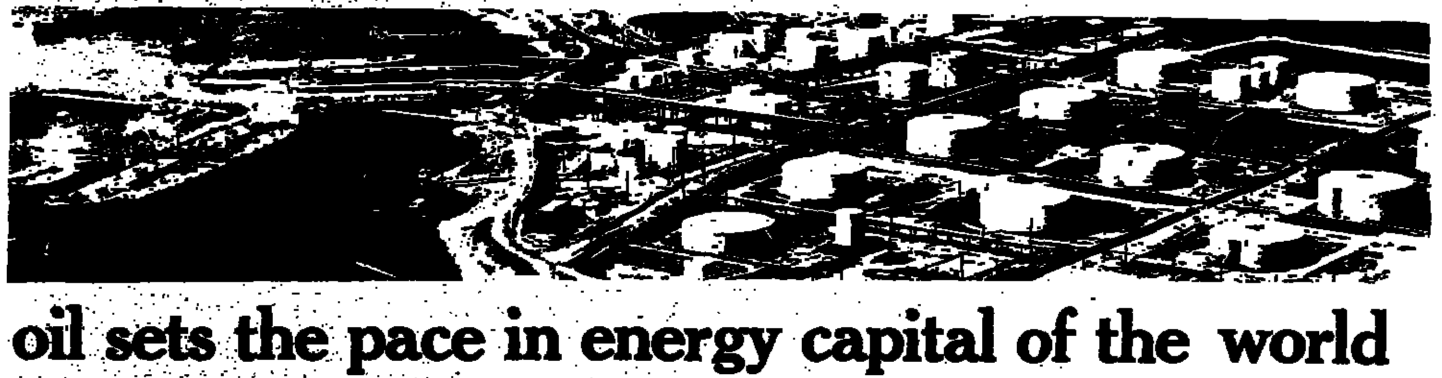

oil sets the pace in energy capital of the world

By Ryan Bernard

HOUSTON — Oil dominates this city. It is known as the energy capital of the world for good reason: all but one of the top 35 major oil companies have headquarters or offices here, and along with hundreds of other local oil-related companies, they carry the world's greatest concentration of energy knowhow from Houston around the world.

Whether on Alaska's North Slope, the North Sea, the Gulf or off the coasts of China — wherever oil is being produced there is probably someone with a Texas accent at the controls.

The industry has left visible marks everywhere. Here, monolithic skyscrapers like the Tenneco Building, One Shell Plaza, the Gulf Building, Pennzoil Place and the Exxon Building dominate the skyline. Hundreds of silver distillation towers line the shores of the Houston Ship Channel and nearby Galveston Bay, where half of America's petrochemicals and one-fourth of its refined petroleum are produced. Miles of tubular steel for drilling and pipeline construction lay stacked in mammoth pipe yards alongside some local highways. In some areas, giant oil tanks hold bulk crude oil and distillates en route to the refining process.

Economic analysts, when asked to estimate how much the oil industry contributes to the local economy, balk but they all agree that the contribution is major, if not pervasive. "Just about all [of the local economy] is related to the oil industry in one way or another," said Carol Bennett, assistant vice president and economist at Texas Commerce Bank. "I don't consider myself in the energy industry, for example, but so much of what I do is energy related. Probably 20 percent of my time goes into following oil."

The oil boom hit Houston in the early 1900s, at a time when it was already a prosperous cotton and lumber trading center. Oil was first discovered in commercial quantities in Texas in 1901 at an oilfield called Spendletop, about 90 miles east of Houston near Beaumont. Later discoveries were made at fields with names like Goose Creek, Corsicana, Damon Mound and Humble. Houston quickly became a natural center for exploration and refining activity in the area and the haven for many of Texas's most legendary figures: the independent oilmen, the wildcatters, who accounted for much of the production of oil.

Some were flamboyant, like "Silver Dollar Jim" West, who lined his vestpockets with handfuls of silver dollars, or pioneer oilman Michel T. Halbouty, whose silver mane and handlebar moustache have become his trademark. Some were born into the business, like Glenn McCarthy, the legendary wildcatter who grew up in the oilfields, became a millionaire at 26 and served as a model for a major character in Edna Ferber's novel "Giant."

Others came to it from different occupations, like James Abercrombie, the dairyman who started his own production company and later founded Cameron Iron Works, a major producer of oilfield hardware; or George Brown, co-founder of Brown & Root, one of the world's largest construction firms, who made his second fortune in oil.

Some used their oil money to move into other lines of business, like John W. Mecom, once proclaimed the nations's third largest independent oil producer by Time magazine, who diversified into hotels, industry and ranching. Others used their fortunes to help build Houston, like Hugh Roy Cullen, who contributed heavily to the University of Houston and the Texas Medical Center; R. E. "Bob" Smith, who helped create the Astrodome; or George Mitchell, who built a model village called "The Woodlands" just north of Houston's Intercontinental Airport.

Major oil companies also saw their beginnings in the nearby oilfields.

Prominent Houstonian Ross Sterling helped found Humble Oil Company, which later became part of Exxon, and J. S. Cullinan helped found the Texas Company, which later became Texaco. Eventually, many of the same pioneers or their business descendants were instrumental in carrying petroleum technology to Libya, Saudi Arabia, Iran, Venezuela and Indonesia, and later to the North Sea, Australia and the Arctic.

As Houston and the oil industry grew through two world wars and the Depression, an entire set of support industries grew up with it. Besides the wildcatters, geologists and oil majors involved in the search for oil and natural gas, there were seismic companies to aid in exploration; drilling companies to drill the wells; tool companies and fabricators — like the Hughes Tool company, the creation of the late Howard Hughes — to manufacture the oilfield machinery, drill bits, piping and structures; "mud" companies to furnish the drilling fluids; refineries like those operated by Shell, Gulf and Exxon to produce fuel and lubricants; petrochemical plants like Dow Chemical and Monsanto to produce plastics and synthetics; pipeline companies like Texas Eastern to transport the oil and gas underground; and many more.

There were even banks that got their major impetus from financing the oil industry, and lawyers dedicated to the intricacies of oil law.

Today, this giant complex of industry makes up the nucleus around which Houston's economy hums, and there is no doubt that oil is responsible for the visible level of prosperity here. But there is a nagging suspicion that Houston may be too dependent on oil; that the inevitable shift away from oil once petroleum sources are depleted will leave Houston without an economic leg to stand on. The Chamber of Commerce takes pains to point out, as it does in its yearly fact sheet, that Houston "has experienced increased economic diversification over the past two decades."

But Dr. Russell G. Thompson, president of Houston-based Operational Economics, Inc., comments: "With higher oil prices, the Houston economy has become more concentrated [around oil], because that's where the bucks were to be made." Mr. Thompson believes that the fortunes of Houston's economy can be directly tied to the price of oil. "Lower oil prices are bad news for Houston," he said, pointing out that the recent tumble in the price of oil was followed by a quick slump in drilling activity."

The number of active drilling rigs nationwide decreased 17 percent over the last three months. This type of slump can create ripple effects throughout the Houston economy. "For each $100-million decrease in sales of oilfield machinery," Mr. Thompson said, "there is a

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international trends expanding law firms

By Mimi Swartz

HOUSTON — When two sons of billionaire H. L. Hunt were confronted with a $210-million claim that they, along with British Petroleum, had created a boycott of expropriated Libyan oil, the Dallas entrepreneurs turned to their lawyers — in Houston.

Houston, a city whose residents have enthusiastically perpetuated Texas's "biggest and bestest" mythology can honestly champion their presence of several of the world's largest and finest law firms.

Vinson & Elkins, with 297 lawyers — up from 186 in 1973 — and Fullbright & Jaworski, with 290 attorneys, rank third and fourth in size in the United States. The remaining "big six," Baker & Botts; Butler, Binion, Rice, Cook & Knapp; Bracewell & Patterson; and Andrews and Kurth range in size from 235 to 112 attorneys. These firms pride themselves on the full range of services offered. Though they usually refuse divorce, plaintiff's personal injury and criminal defense work, most employ specialists in corporate, tax, real estate, probate, patent and international law.

Expand in Wealth

The Houston firms were thriving long before Houston became an international urban center. Baker & Botts, the oldest, was established in 1866. The firm grew by representing East Coast interests in Texas. Vinson & Elkins and Fullbright & Jaworski got their starts with local businesses just after the turn of the century. The firms expanded in size and wealth as their clients — local banks and businesses — thrived in Houston's healthy economy.

Vinson & Elkins and Fullbright & Jaworski have remained closely associated with two of Houston's largest banks, First City and the Bank of the Southwest. And, as the empires of Houstonians like the late Howard Hughes, builder Walter Mischer and developer Gerald Hines expanded, so did the fortunes of their respective law firms Andrews & Kurth, Baker & Botts, and Bracewell & Patterson. Many of the firms have now added offices in London and Washington to their Houston bases.

Political Connections

The Houston firms are increasingly well connected politically as well. White House Chief of Staff James Baker 3d was an Andrews & Kurth partner. Former U.S. Treasury Secretary and Texas Governor John B. Connally works at Vinson & Elkins, while former Watergate special prosecutor Leon Jaworski serves the firm that bears his name.

Crowing is common: In the American Lawyer's Guide to Law Firms, attorneys for Baker & Botts describe R. Gordon Gooch, former general counsel to the Federal Power Commission as one of a half dozen "of the most expensive lawyers associated with a Houston firm."

The expansion of the firms' international practices parallels the increased U.S. dependence on foreign oil in the 1970s. While large Houston-based oil companies were once able to import oil by simply dispatching purchase orders to their foreign refineries, the rise of nationalization and the increased costs associated with foreign exploration and production have made for a more complex situation involving rights negotiation, joint venture organization and international arbitration.

The oil companies and oil-related industries — also centered in Houston — assigned this business to their law firms. Vinson & Elkins was recently involved in writing the petroleum laws for Nigeria. Baker & Botts has represented clients involved in the construction and operation of liquefied natural gas projects and chemical plants around the world. They have also assisted with corporate reorganization for worldwide offshore drilling companies working in the North Sea and Mexico.

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cultural exchanges add new dimension to arts

By Mimi Swartz

HOUSTON — Just a few weeks ago, a flight left Houston carrying members of the Houston Ballet on their first European tour. The same flight carried lyric soprano Mirella Freni, who, with several other European artists, had just performed for the Houston Grand Opera. Cultural exchange has come to Houston. The city that has gained a reputation for international wheeling and dealing is out to make its mark on the international arts scene.

The arts are booming here: Houston now boasts a growing symphony orchestra, opera and ballet companies that have attracted international attention, and two fine arts museums, with a third on the way.

Not that Houston — or Texas — ever really deserved its reputation as a cultural backwater. Wagner's Parsifal premiered in Houston in 1906, eight years before it reached London. After a Russian symphony orchestra performed here in 1913, philanthropist Ima Hogg, the daughter of a Texas governor, supported the establishment of a Houston symphony. In the 1920's, Hogg's brothers and their friends — oilmen involved in the company that would ultimately become Exxon — became early contributors to the Museum of Fine Arts.

The nationally acclaimed Alley Theater opened in 1947, and Houston received international recognition in the 50's and 60's when Leopold Stokowski conducted the symphony and James Johnson Sweeney was director of the Museum of Fine Arts.

But the oil boom of the early 70's has attracted a new generation of visionaries with new plans. "Houston has no cultural traditions we have to stick by; we can carve out our own niche," said Jack Mastroianni, artistic director in charge of development for the Houston Grand Opera.

The opera's general director, David Gockley, came here expressly to forge a wider audience for conventional operas and to popularize the tradition of American musical theater by revitalizing works like Gershwin's "Porgy and Bess" and "Treemonisha" by Scott Joplin. Critic Barbara Rose joined the curatorial staff of the Museum of Fine Arts to resume her study of Old Masters and to direct the museum's international exhibitions. This year, her shows will feature works by Fernand Leger and Joan Miro.

Ballet master J.B. Cerrone left Monte Carlo and retirement in 1980 at the request of Houston Ballet artistic director, Ben Stevenson. Why Houston? "The challenge," says Houston symphony executive director Gideon Toeplitz, an Israeli who left the Boston symphony to come to Houston earlier this year. "You lose a lot of sleep; there are so many challenges."

Newcomers' Works

A new and substantially enlarged audience witnesses the work of these newcomers. "The orchestra was always a fine orchestra, but it belonged to a small group of people," says symphony artistic adviser Sergio Comissiona. As Houston's population increased, so did the number of people interested in the arts. Opera subscriptions have risen from 4,113 to 13,500 since 1972, the year of Gockley's arrival. Museum membership is up 40 percent since 1977, and the ballet now boasts sell-out crowds and a 60-percent subscription rate.

While Houston audiences may not always be sophisticated, they are eager. The ballet for instance, has an unwritten plan to get the audience on a more sophisticated diet of ballet, says Tom Fredericks, marketing director for the Houston Ballet. Five or six years ago, when touring dance companies ignored Houston, the Houston Ballet's season consisted almost entirely of classical programs, like Swan Lake.

In contrast, this year's program consists of works by modern masters Frederick Ashton and George Balanchine, as well as a ballet by Dutch choreographer Farrell Dyde. Nevertheless, the Houston audience remains a general-theater audience rather than a specialized one. "It's nothing like New York where you see the same crazed people who come back because they have to see ballet," affirmed Fredericks.

However, the stereotype of the *nouveau riche* Texan with indiscriminate artistic appetites is vanishing. "You see it in what they don't take," noted Warren Hadler, of Houston's Hadler/Rodriquez gallery. "They used to take everything." Local gallery owners note another trend: European interest in Texas artists.

Affluence and enthusiasm have protected Houston's arts institutions from the economic problems plaguing other U.S. cities, a far cry from 10 years ago, when the Paris Opera Ballet's $500,000 price tag was prohibitive. "The thing that makes the city click is the strong sense of community pride," says Mastroianni of Houston's historic boosterism. Houstonians love a winner. Opera donations skyrocketed when Gockley received a Tony Award for "Porgy and Bess" in 1976. Annual giving to the Museum of Fine Arts has more than doubled in five years, from $320,000 to $750,000.

Recently, corporations and private foundations have eclipsed the generosity of private patrons. Fundraisers earned $32 million of the $65 million needed to build the proposed lyric theater in under two years; Gulf Oil contributed $500,000; Shell donated $1 million, and the Wortham Foundation contributed $15 million. And though the national average is 3 percent, 15 percent of the opera's budget comes from corporations.

One reason for such corporate generosity is Houston's bottom-line approach to artistic endeavors. Marketing directors are as important as artistic directors here; groups are promoted on T-shirts, television and radio. Both the museum's Barbara Rose and the opera's Gockley have been criticized for contributing to this commercialization of the arts. A recent Wall Street Journal article labeled Gockley the "P.T. Barnum of Opera" and mentioned that he cut 30 minutes from a production of "Die Meistersinger" and 20 minutes from "Carmen" in an effort to hold down costs. Barbara Rose's hiring created a controversy when it was discovered that she would continue to write art criticism, particularly for Vogue magazine, while serving as curator.

Curiously, local theater has suffered from a failure to thrive. Though the Alley Theater plans a major expansion and did offer a world premiere of "Way Upstream" by British playwright Alan Ayckbourn, this Houston institution generally lacks an innovative repertoire. "It plays to a conservative audience that was the only audience 10 years ago," one critic complained. Younger, more experimental theater companies find funding in short supply. Ted Swindley, artistic director of Stages, a new theater group, believes many Houstonians now like to invest in more established arts organizations. "They'll go to a place they'll be seen," he said.

But, money is not the only reason international artists are drawn to Houston. Often, personal friendships and Southern hospitality make the difference. The former director of the Pompidou Center in Paris gladly shares a panel at the Contemporary Arts Museum with friend and patron Dominique DeMenil, who was recently made an Officier de l'Ordre des Arts et des Lettres in Paris for her work in furthering better artistic relations between the U.S. and Paris.

Leonard Bernstein personally selected John DeMain, music director of the Houston Grand Opera, to conduct his revival of "West Side Story," which opened in Houston. When diva Marilyn Horne performs here, she also likes to observe open-heart surgery at the Texas Medical Center. "They'll sign for X amount of dollars anywhere," asserts Mastroianni. "There has to be something unique to get them to Houston."

International interest in Houston works both ways: this year the symphony will appear at the Casals Festival in Puerto Rico, and the opera and the ballet will both tour Europe. Fredericks stresses that the ballet's tour is on an invitational basis. "Most people assume it is being sent by people from Houston who want to see the company trucked around the world," he said. "It's not that at all."

This year, Houston has even more to be proud of: construction will begin this fall on a new museum designed by Beauborg architect Renzo Piano, to house the 10,000-piece DeMenil collection, considered one of the finest in the world.

Clearly, Houston is taking its place as a major arts center. Conductor Commissiona, who has visited Houston frequently over the past 10 years, believes "the arts did not blossom in the past because the right moment had not arrived." "Now that everyone has their bucks and their cars it's time to enjoy the culture," he said.

oil sets the pace in energy capital

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loss of 5,850 jobs — 81 percent in manufacturing and 19 percent in non-manufacturing."

Traditionally considered immune to the economic problems affecting the rest fo the United States, Houston is also beginning to feel the effects of high interest rates and nationwide recession. Besides the slump in drilling activity, Houston's housing industry is suffering under the burden of high interest rates, some petroleum refineries are operating at a severely reduced capacity due to the slump in demand for gasoline, and the petrochemical industry is suffering because of decreased demand for chemicals and plastics in the depressed auto, housing and appliance industries.

Layoffs Occur

Economic eyebrows were raised recently when three of Houston's largest employers — Geosource Inc., Dow Chemical and Texas Instruments — laid off hundreds of employees, an occurence unheard of in recent Houston history and all too reminiscent of the kind of layoffs common in the depressed Northeastern United States.

Houston's unemployment rate recently has risen by as much as 35 percent over last year's monthly figures, to a total of 4.5 percent. But that's still only half the national rate, and many feel that despite recent setbacks, Houston's future as energy capital of the world is secure.

"If petroleum were shut off completely tomorrow," oilman Halbouty said, "it will hurt Houston, no question about it. But it will not die and it won't wither; it'll just plateau and maybe just start growing again."

Said Texas Commerce's Bennett: "I would rather be in the energy capital of the world than anyplace else because the trend worldwide is that energy use can go nowhere but up. And even if there is less demand for oil, the same kind of expertise we have here will be needed to develop other energy sources."

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JENNIFER LAWRENCE is the Houston correspondent for Fairchild News Service.

JOHN TAYLOR is a reporter for Newsweek magazine.

Houston
Oil — Energy — Business

MAKING IT

Joe Tondu, 31, 'optimizes investments' in a climate tailored for entrepreneurs

By Cindy Japhet

Joe Tondu

HOUSTON — Joe Tondu, 31, might get lost in the crowd of 200 or so businessmen lunching in the stylish yet efficient Hyatt Regency restaurant in downtown Houston: He is clean-cut, confident and well-dressed, like everyone else. It might not tell by looking, but there is a difference between Joe and some of the other businessmen: He is worth between $2 million and $3 million.

"Optimizing your investments" is Joe's way of describing the route to such success at such an early age. But Joe is not that uncommon in Houston. There are thousands of other young men and women who have made it big in this city through entrepreneurial skills. In fact, many of the people lunching in the Hyatt probably have similar stories. Houston, with its boom-town economy, is a haven for the young entrepreneur.

Some small businessmen get bigger by beginning in service sectors such as window-washing, key-making and even ditch-digging. Sometimes the little ones become national giants: Ninfa Laurenzo turned her tiny Tex-Mex restaurant in a small spot on Navigation Street into a national chain.

Optimum Climate

The climate for the entrepreneur in Houston is now at its optimum because of the great amounts of growth and capital provided by commercial real estate and the oil and gas industries that fire Houston's boom.

How many cities have a center dedicated to helping entrepreneurs establish their own business? Houston does, at least. The Houston Entrepreneurs Center is a 55-office complex designed to provide such services as phone answering, typing, word processing and computerized accounting for the small businessman at prices that beginners can afford. There is also a reference library and it specializes in the how-to's of starting a new business.

Joe Tondu left a highly promising, well-secured position as a geologist for the Getty Oil Company with nothing more than several charts and graphs, three years of solid experience and a lot of confidence.

He, like his father and grandfather, believes in free enterprise. "I've always believed there is a great amount of satisfaction to be found in determining your own destiny," Joe says.

A native of Michigan, he was raised in a household whose keyword was independence. His father and his grandfather were independent construction contractors near Arcadia, Mich. But for Joe, a key factor that helped him think in terms of his own life was the teaching staff at Houston's Grand Valley State College, which he describes as "inspirational."

Electrified Excitement

"They were the ones that really helped me decide to go into geology," he says. The summer between his graduation from Grand Valley in 1973 and the fall when he began his master's degree work at the University of Texas in Austin, Joe went to work for the Amoco Production Company's Denver geological office. "The minute I was at Amoco, I knew what I wanted to do, and that was the oil business. The people there were so in love with their work, there was an electrified excitement in the air, which rubbed off on me."

In August, 1975, Joe went to work with Getty Oil in Houston in the development department. "This was the first time I got involved with the actual drilling," he says. "While I was at Getty I made more money than any other U.T. graduate."

And that was the turning point for him. "The money I make for others I should be making for myself," he recalls thinking at the time.

He left Getty to begin his own business with a $1,000 loan. "I didn't even have enough money to pay my rent," he says. "I was living with a good friend who more or less supported me until I got on my feet."

He remembers that his first strategy was to acquire the knowledge of those who had "made it."

"That was very important because I learned a lot about the pitfalls," he says. "However, if I knew then what I know now, I would have avoided even more mistakes.

"The main thing I had to learn was how to get investors — drilling money. It takes an awful lot of capital to make the oil industry go. It was really amazing how I did what I did knowing so little. I simply went into this or that office and said I needed so and so map or so and so chart. There were no problems with that aspect of starting out. I was really suprised."

Joe views his biggest coup as a sales pitch he made to Gulf Oil. He had acquired a hot prospect that Getty had turned down and he approached Gulf with it. "I told them I wanted the right to drill on one of their leases," he recalls. "I convinced them I had the money and ability to develop the acreage, neither of which I really had. In exchange for the right to drill, I was to give them a share of the find."

It all worked out. He sold the lease to an oil broker and found seven producing wells, which made him $100,000.

With those funds he and another geologist formed the Lexington Company. They drilled seven producing wells in south Texas and were fairly successful. From that venture, Joe rounded up a group of private investors and formed Canadian Longhorn Petroleum. He initially sold $1 million worth of stock on the Canadian stock Market, and in January, 1981, Canadian Longhorn brought in another $1 million. After Canadian Longhorn, Joe formed Tondu Energy. He has hired a solid staff with strong oil and geological backgrounds.

Classical Entrepreneur

Joe can be classified as a successful risk-taker. He has all the characteristics of the classical entrepreneur: an adventuresome spirit, a desire to to be his own boss, a need to incorporate creativity into his work and a strong dislike for the slow climb up the corporate ladder.

"I could have stayed with Getty Oil and probably become a vice president by the time I was 55 or 60, but I would have felt too stifled," he says. "As it stands now, I have my own business and I feel challenged, but there is also a strong risk factor to be considered. I could have lost it all with a few wrong moves or not even have gotten off the ground to begin with."

"To be an entrepreneur," Joe notes, "security has to be unimportant to you. My priority has always been to move up, and yes, I guess to make a name for myself. There is a great amount of responsibility that goes along with being an entrepreneur because you alone are responsible for either the success or failure of your business. Most of my success borders on the fact that I took calculated risks. I went to the people who had made it before and asked them questions. I observed how the game was played for several months before I ever put my foot in the water."

Joe Tondu is very aware that the national average failure rate for companies offering new products and services is 65 percent. He is also aware that Houston is a thriving capital for young entrepreneurs in this decade. Its climate makes the person with an idea want to take a chance — call it a gamble. Joe's paid off.

law firms and internationalism

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Other attorneys face more routine legal tasks in foreign countries, like the taking of depositions and the completion of document production. "You end up doing things that are pretty domestic, except that you are doing them for a foreign client," said Joel Martinez, a Vinson & Elkins associate.

Foreign investors have also shown an interest in Houston's economy. While New York law firms traditionally steered their clients to investment opportunities abroad, the Houston firms now direct foreign clients like Banque de Paris and Tokura Construction Company (represented by Butler, Binion) to profitable real estate and business ventures here.

Though the large firms continue to dominate most of Houston's international legal work, two trends may indicate a change. As legal fees continue to mount, many businesses are following the lead of Gulf Oil and completing more legal work in-house.

Then, too, as some of the big firms relegate their international attorneys to other sections, more work is falling to smaller firms. "There really isn't such a thing as international law," said P. Dexter Peacock, an Andrews & Kurth partner. "There's just such a thing as international jurisdiction."

Preference for Small

His firm prefers to assign their specialists to work with local counsel.

In contrast, Klaus Thoma, a partner of the firm Hollrah, Lange and Thoma, and a West German, believes many foreign clients prefer small firms like his own that specialize in international law.

Mr. Thoma asserts his clients are uncomfortable with big-firm treatment, where their business is parceled out among several sections.

The full service operation — so impressive to American clients — has an adverse effect on foreign clients accustomed to more intimate treatment.

So far, there is plenty of business for everyone, a situation that will continue as long as Houston companies continue to generate international business.

Steve Zamora, a law professor at the University of Houston Law School, says that while his law students are not always attentive in his international business transaction course, "two months after they graduate, they call me. You can't avoid practicing international business transactions in Houston."

ship channel is U.S. leader in total volume of foreign commerce

Turning basin in the ship channel.

By Ryan Bernard

HOUSTON — The greatest barometer of Houston's newfound stature as a world-class city may be found in the 52-mile long ship channel that snakes northward from the Gulf of Mexico to within a few miles of this city's towering downtown skyscrapers.

The Port of Houston has been the third largest U.S. port since before World War II, but in the last few years it has passed all others to emerge as the leader in total volume of foreign commerce. (New York is still the leader in total dollar value of foreign trade.) In 1981 alone, 53.7 million tons of imports and exports flowed through the Port of Houston.

Along its 25 miles of waterfront, dotted with docks, cranes, elevators and warehouses, over 5,000 ships a year now unload cargoes of ore, minerals, foreign steel and imported crude oil. Before returning to their home ports, any of the same ships take on equal quantities of American wheat, corn, chemicals, fertilizers and machinery destined for foreign markets.

Houston's port is the nation's largest handler of imported steel and exported wheat, and it serves as the natural trade funnel for the entire central and southwestern U.S.

It was not always so. When the city founders first advertised their new city in the tabloids of 1836, they proclaimed rather grandly that Houston would be "the great interior commercial emporium of Texas." But there were serious obstacles to overcome. The founders had built their new settlement on a shallow stream called Buffalo Bayou, 50 miles by water from the Gulf. To demonstrate the viability of their new port, they arranged to have a paddle-wheel steamer bring a cargo of distinguished visitors up the muddy tributary, but the boat became so entangled in the mud and vegetation that it took three days to complete the last five miles of the voyage.

Meanwhile, the port of Galveston, 60 miles to the southeast, was busily establishing itself as the pre-eminent shipping center of the Gulf Coast and Houston's main rival. As the natural trade patterns developed in the late 1800s, Houston became a major rail center where cotton and other commodities were shipped, then loaded onto shallow-draft barges bound for ships at the port of Galveston.

A series of important events intervened at the turn of the century, which changed everything. In 1900, a catastrophic hurricane nearly wiped out the city of Galveston. A few years later, oil was discovered in countries surrounding Houston. And, after years of negotiation, Houston enlisted the aid of the federal government in dredging out its shallow bayou to accommodate large ships.

The Port of Houston was established in 1914, and a few years later the first international cargo — cotton loaded on a ship called the Merry Mount — left Houston bound for foreign markets. Within a decade, Houston had become the largest cotton port in the nation, surpassing Galveston itself.

The newly dredged channel soon began to contribute significantly to Houston's prodigious growth by luring heavy industries. The growing oil boom and the easy availability of deepwater facilities led many of the early oil companies to set refineries along the banks of the ship channel. By 1930, nine refineries were churning out gasoline and other fuels and boosting local commerce. Metal fabricating of drill pipe and oilfield structures also became a significant channel industry.

Today, thanks to the channel and its location near some of the world's largest oilfields, Houston has become the nation's largest producer of refined petroleum and petrochemical products. Industry giants such as Shell, Exxon, Gulf, Goodyear, and Dupont have concentrated their major refining facilities in the area, spilling over from the channel to the shores of nearby Galveston Bay and along the Texas Gulf Coast.

A "spaghetti bowl" consisting of several thousand miles of pipeline provide for the efficient, low-cost transport of feedstocks, fuel and chemical products between the 200 chemical plants, refineries, salt domes and gasoline- processing plants in the area. Over half of the nation's petrochemicals and 80 percent of its synthetic rubber are produced locally.

With the channel industries as its base, Houston has become the sixth largest producer of manufactured products (by value) in the country. A 1965 study estimated that the Port of Houston and neighboring industries contributed one-third of each dollar generated by the local economy. Currently, $15 billion worth of industry is located along the channel, with combined annual payrolls of more than $2.7 billion and a work force of 180,000 employees.

From its beginnings as a muddy ditch, the port itself has grown in sophistication to rival the facilities as most other international ports. The first containerized cargo in history sailed between Houston and New York in 1956, and Houston began constructing permanent container-handling facilities by the late 60s.

The $70-million Barbours Cut Terminal, located halfway between Houston and the Gulf, provides three 1,000-foot wharves with six major container cranes, a LASH berth and a hammerhead roll-on-roll-of platform that can accommodate two ships at a time. A modern computer system keeps track of the location, contents and destination of every container in the yards.

Much of the Port Authority's 300,000 TEUs — 20-foot equivalents — of container cargo handled in 1981 was processed through Barbour's Cut, and a fourth container berth is scheduled for construction this year.

Most of the port's break-bulk and general cargo is handled upstream at Port Authority wharves in the Turning Basin area, at the head of the ship channel near downtown Houston. Turning Basin facilities include 37 public wharves, two industrial parks comprising 350 acres, and a 6-million-bushel public grain elevator. Construction is scheduled to begin on an additional 800-foot-long general cargo dock some time this year. The Port Authority also maintains a dry-bulk materials handling plant and its Bayport division on the shore of Galveston Bay for handling liquid bulk cargoes.

Private Terminals

These public facilities only represent a fraction of the port's total cargo-handling capacity, however. Of the 13.2 million tons of cargo handled by the port during the first two months of this year, only 2.9 million — 12 percent — were handled by the myriad private terminals that line the ship channel from top to bottom. In addition to the 6-million-bushel public grain elevator, for example, there are another four major elevators that are privately owned.

The Port of Houston has also contributed greatly to Houston's growing international flavor, as the increased foreign trade has attracted flocks of foreign dignitaries and businessmen.

"There are very few international cities that are not port cities," says Port Authority executive director Richard P. Leach. "It is the international commerce that makes a city international. The strength of Houston is in dealing with energy and food, which are pretty fundamental concepts."

The international trade in fuels, grains and raw materials, along with burgeoning communities of immigrants from Europe, Asia and Latin America, has helped attract as many as 50 consulates, including representatives of 15 European nations and such newcomers as the People's Republic of China, Rumania and South Africa. As an indication of Houston's stature in the world of shipping, the Port of Rotterdam recently opened its first overseas trade office here and made it its headquarters for the entire U.S.

For the future, says Mr. Leach, "I expect Houston to continue to grow as a port as well as a city, because they go hand in hand. As the city grows, so grows the port."

Despite the current worldwide recession, there is a great deal of resiliency built into the port and the economy. Even though there has been a major drop in the importation of crude oil, one of the chief commodities handled by the Port of Houston, total cargo tonnage at the port actually increased last year due to a dramatic surge in the handling of imported steel, autos and container cargo.

To encourage further growth of industry and trade along the ship channel, the Port Authority recently organized a Port Development Corporation to issue tax-exempt, low-interest revenue bonds for industrial development. Of over $1 billion in bonds under consideration, $253 million have already been issued.

Houston also filed an application with the federal government to establish a duty-free foreign trade zone in the port area, where items could be manufactured and stored free of customs duties until they leave the zone. Once these measures are in place, the Port Authority hopes to generate an additional $7 million in annual port revenues within five years, create new employment, and increase the amount of cargo crossing Port of Houston docks.

If that happens, the port will continue to assure its position as one of America's top shipping centers and as the dynamo at the heart of the Houston economy.

media finds news capital in oil and gas

By Barbara Shook

HOUSTON — Houston is not only the energy capital of the United States, it also may be the oil and gas news media capital of the nation.

At any press conference for a petroleum industry-related company, trade show or technical conference, reporters and editors representing as many as 25 or more local energy media organizations will probably be present.

The most recent survey shows that at least a dozen national and international energy-industry trade publications are based in Houston. In addition, equally as many other oil and gas magazines and energy news services have bureaus or correspondents in local offices.

Both of the city's daily newspapers — the Houston Chronicle and the Houston Post — have reporters assigned to the energy beat, as does the weekly Houston Business Journal.

At the Chronicle, two staffers cover energy fulltime, one concentrating on financial and regulatory aspects and the other specializing in operating and technical developments. Several nationally distributed, general-interest publications including Newsweek and U.S. News & World Report as well as the Associated Press and United Press International also have Houston-based reporters assigned to focus on the energy industry.

Besides these, dozens of newsletters, technical papers and magazines are published by local chapters of professional associations and oil and gas industry trade groups. The largest energy industry publications group in Houston is Gulf Publishing. Gulf has four monthly magazines and three annual catalogs that cover all phases from exploration and drilling through refining and processing.

The flagship magazine is World Oil, covering oil and gas exploration, drilling and production around the world. This is the industry's largest operating segment. It has been publishing since 1916, originally as The Oil Weekly.

Pipeline Industry directs its editorial content more toward transmission line construction and operations, especially natural gas. It also has a strong gas distribution section and often contains articles on non-petroleum pipeline projects such as slurry and industrial gases. Like World Oil, Pipeline Industry covers developments in the United States and around the world.

Another Gulf publication, Hydrocarbon Processing, is probably the leading refining and processing publication in the world.

Gulf's other magazine is Ocean Industry. This publication deals with the full spectrum of offshore oil and gas exploration, drilling, production, transmission and processing.

capturing spirit of free enterprise with speed and bravado

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enjoys showy jewelry, expensive cars and mink coats — even in sweltering heat.

Quite simply, it is important to be successful in Houston. Money and success will open almost any door here. The more money and success the better, and more the open doors.

In a city as large and as diverse as Houston, opportunities for success vary drastically. Though it's a shorter hop to the corporate suite from the elegant River Oaks neighborhood than from the poverty of the city's Fourth Ward area, many people believe that anything is possible in Houston.

Even in the midst of a recession that has touched the usually immune Houston with layoffs and a softening in its economy, a series of charity balls this spring raised record amounts of money. The Houston Ballet Ball brought in $385,000, while the March of Dimes Gourmet Gala a week later raised $325,000.

But the largest money-maker ever is expected to be a joint benefit by the Houston Symphony Society and the Museum of Fine Arts commemorating the one-hundredth birthday of the late Ima Hogg, Houston patroness of the arts, who willed her home, Bayou Bend, to the museum.

Social Success

Dubbed "An evening of Celebration," the ball, to be held May 14 at Miss Hogg's former home, has already realised half-a-million dollars. When one prominent New York jeweler heard that by March 45 tables at $15,000 each — that's $1,500 per person — had been sold, she said, "You've got to be kidding. Oh ...I forgot, that's Houston."

For sure, chairing these charity balls and bringing in the bucks means instant social success. The astute and successful chairman — usually a woman — knows that a few big celebrity names — whether movie stars, politicians or titled Europeans — make for sell-out bashes.

The Houston Grand Opera Ball, this April, just a month before the Ima Hogg ball, raised $400,000 in part by convincing Luciano Pavorotti to sing during dinner. The event also honored Houston socialite Lynn Sakowitz Wyatt, of the Sakowitz store family, wife of Coastal Corporation chairman Oscar Wyatt and Houston's best rendition of a titled personage.

An invitation to a party given by Mrs. Wyatt is almost as sought after as an invitation to the White House. Her seated dinners for 50 at her state home next door to the River Oaks Country Club include the usual old-guard Houston oil families, Houston's new super rich and a smattering of international names — from Princess Grace of Monaco to Mick Jagger.

But Mrs. Wyatt does not entertain only in Houston. Every year on July 16 she throws herself a birthday party at her Cap Ferrat villa where Somerset Maugham once lived. Though she will not tell guests her age, she does instruct them on how to eat chili and rice, which is prepared in Houston by her cook, Florence Jones, and flown over for the party.

"I have to tell guests to put the rice on the plate first and then put the chili on top because otherwise they put them side by side," says Mrs. Wyatt, who recalls that one year she omitted the chili and just served French food. "I brought the chili back by popular demand — Prince Ranier just loves it," she adds.

While the Wyatts are busy giving Europe a taste of Texas, people from abroad keep streaming into the Houston business community and often make Houston their home.

One certain way for these non-Texans to feel at home is to find a restaurant from their native land. There are China Garden, Uncle Tai's, Ninfa's and The Cadillac Bar (both Mexican restaurants), La Reserve, and on and on from foreign cuisine to places like the New York Deli and the San Francisco Steak House.

Probably the best way to fit into the Houston spirit is first to never utter an uncomplimentary word about the city. It is important to know who Earl Campbell is and how his football team, the Houston Oilers, is doing. It helps to have been to the Astrodome at least once, to be seen grocery shopping occasionally at Jamial's, preferably in tennis whites or warm-up suit, and to receive the Neiman-Marcus Christmas catalog.

Some people have been known to put a University of Texas sticker on their car even if they cannot claim the university as their alma mater. It is better to be from New York than from New Jersey.

Spending the weekend at "the ranch" or in Mexico carries more weight than staying home and mowing the grass.

For newcomers intent on making it in Houston, a dinner at Tony's where the elite meet and eat, is a must. It is best to be on an expense account and not be thrown by the French menu with no English translations. The wine cellar is for very private parties but most come to see and be seen upstairs in the company of people like Beverly Sills, Gerald Ford, Liza Minelli, Princess Margaret, Queen Noor, Farah Fawcett and Larry Hagman. The list goes on and on, as owner Tony Vallone points out.

On the Streets

But for many Houstonians, dining at Tony's, shopping at Neiman's or attending the Opera Ball are about as remote as striking oil. They hope instead to make a living and pay the rent. Four out-of-state families last summer struck out when they unknowingly rented the same house from a greedy agent who made off with each family's deposit, leaving three families literally out on the streets.

Little surprises Houston. Good luck and bad luck are all part of the game. If the late "Silver Dollar" Jim West enjoyed tossing silver dollars on a restaurant floor and watching waiters scramble for them, that was his business. It appears that money and success give those with both the license to do as they wish in this laissez-faire, open society.

No one bats an eye at the Western Heritage Show each year when millionaire ranchers buy and sell Santa Gertrudis cattle and quarter horses inside the Shamrock Hilton Hotel. As the animals are led to the center of the ballroom, John B. Connally, one of the event's organizers, does his best to keep the auction moving. Country music, black tie and cowboy boots, and spending lots of money make this a very Houston evening. Besides, the livestock find the accommodations quite satisfactory, people enjoy rubbing elbows with former Gov. Connally and an indiscreet nod might even get you a $30,000 bull.

setting sights on world markets

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open at the end of the year. With almost 2 million international passengers in 1980, Houston ranks seventh nationwide in the number of international travelers. Once here, so many executives get around Houston in helicpters that, as one police captain put it, "The skies are as crowded as the freeways."

Real estate is flourishing as well. From the original nine square miles purchased by the Allen brothers, Houston has grown to more than 556 square miles today. Giant construction cranes are seen everywhere. Last year, more than $3 billion in real estate deeds were issued, and buildings are springing up almost overnight, from the thousands of small tract houses and semi-detached apartment complexes to massive glass-skinned skyscrapers.

'Environment of Tomorrow'

A total absence of zoning laws in the city — the only case in the country — makes for this boom in real estate. Buildings can be put up almost anywhere. "The good thing about Houston is that there is so much to be done," says Giorgio Borlinghi, the 29-year-old Italian real-estate magnate. "We are building the environment of tomorrow today."

But Houston's successes have created their own set of problems. Crime, for example, has grown faster than the population and Houston now has the fourth highest crime rate in the United States.

Last year, Houston officially recorded 650 homicides (one per 2,500 inhabitants) and 1,170 rapes. Most women prefer not to go out alone after dark. Many of the assailants are young immigrants or illegal aliens frustrated in their search for work. And crime is still more tempting because Houston has the lowest police officer to citizen ratio — less than two per 1,000 inhabitants — of any large American city.

Houston's population has grown faster than the city's services and the result is irregular sanitation and a disastrous mass transit and highway system. Traffic jams are a constant headache, with more than 2 million registered vehicles clogging the city's 200 miles of freeways and 150 new cars arriving daily. Houstonians rarely walk anywhere — in summer the heat and humidity make for suffering — and there is a total car culture with everything from drive-in banks to drive-in liquor stores.

Mobility Plan

City and state officials have recently drawn up a regional mobility plan that is intended to ease traffic problems in the next 15 years — at a cost of $16 billion. The plan, named "Getting Houston Moving Again," involves the construction of 300 freeways and 1,400 miles of new streets.

Air pollution can be severe, compounded by the humidity of the region. Industrial pollution can take more serious forms. In early April, a hydrochloric acid leak from a Houston chemical plant forced the city to evacuate several hundred families living nearby. The new mayor, Kathy Whitmire, was not prepared to say whether any action would be taken after this incident.

Officials are quick to point out that Houston's problems illustrate the inevitable growing pains of a young, somewhat undisciplined city. The paramount fact, they insist, is that Houston is growing, unlike the nation's northern cities.

"It will continue to grow," says Louie Welch, president of the Chamber of Commerce and mayor of Houston from 1964 to 1973. "There will be periods of stress but we will cope."

Leads in Retail Growth

Indeed, compared to other cities, Houston has fared well during the past decade's turbulence. The cost of living in Houston has climbed more slowly than in the nation as a whole, in part because the retail price of gasoline is up to 40 cents less per gallon than in other parts of the country.

Houston's 4.5-percent unemployment rate is half the national average of 9 percent. Houston has led the country in retail growth, and the average per- capita income is almost $9,000 after taxes — 20 percent higher than the national average.

Houston's image is changing along with the city itself. With a median age of 27, it is a city for youth. While its skyline boasts buildings like Philip Johnson's Pennzoil Place and other architectural triumphs, many feel that behind the facade Houston is still a rough-and-tumble town. Mayor Whitmire was recently asked how she came to govern such a macho place and replied: "I'm not sure that is exactly the image that ... the citizens of Houston have of our city."

Houston may not be the last bastion of the Wild West, but the dynamism — as well as the energy — of the pioneer days can still be felt. As Philip Johnson puts it: "The spirit of the frontier carries on in Houston."

Saudi finds growth for oil revenues in American banking strategy

By Lucius Lomax

HOUSTON — His name is Khalid bin Mahfouz. He is a multimillionaire from Saudi Arabia who now makes his home in a tightly secured $4-million mansion in River Oaks, Houston's most exclusive neighborhood.

He is the son of the founder of the largest bank in the Middle East, the $15-billion National Commerce Bank of Saudi Arabia. His family still owns the controlling interest in National Commerce, of which he is a senior director.

And, for a time, as part of the Arab plan developed in the mid-1970s to capture a larger share of the revenues from the production of oil — money that until then went to foreigners — Mahfouz became an American banker. He also threw a scare into a few of his new colleagues.

Buys Out Partners

In 1976 the deal was cut. In partnership with another Saudi, Ghaith Pharoan, and former Treasury Secretary and ex-Texas governor John B. Connally, Mahfouz purchased the ailing Main Bank of Houston. But when Pharoan decided to concentrate on his investment in the National Bank of Georgia and Connally chose to run for the presidency, Mahfouz agreed to buy out his partners. He ended up owning 92 percent of the bank.

Then, last summer Mahfouz sold out to a Dallas bank-holding company. In return for Main Bank he received holding-company stock valued at $22 million. Some local bankers speculated that Mahfouz never really wanted to run the bank, that he just wanted all along to be an investor.

If that was true, and it probably is, Mahfouz knew this much: Banking is a tough profession.

Banking, as it is known in the West, is a fairly recent phenomenon in the Middle East. Commercial banks began to appear in the larger towns in the Gulf countries only in the 1950s. The slowness of their arrival was due in part to the entrenched position of the money changers, who have tried since the time of Mohammed to satisfy Arab banking needs while abiding by the Koran's prohibition against *riba*, charging interest.

Oil Brings Change

The arrival of the oil wealth of the last decade changed all that. Saudi Arabia's wealth held abroad jumped from $2.3 billion in 1972 to about $150 billion by mid-1981. According to The Economist magazine that alone is enough to buy all the 50 largest banks in the world. Yet none of those 50 is Arab.

Determined to keep more of the oil revenues siphoned off at either end of the long oil production line — from financing to exploration to refining to investment — Arabs became interested in banking.

But a domestic bank can make an annual 50-percent return on capital doing business at home in Saudi Arabia. Arabs, particularly Saudis, are considered conservative businessmen, and international banking has in the past been an alien concept to them. Before entering this market they insisted that international banking be like any other foreign investment — above all, safe. So they developed a plan.

The domestic Arab banks chose not to go directly into international commercial finance. Instead, they banded together to form consortiums to fund new international banks. They included Western bankers — Dutch, French and American — as partner-shareholders, to provide the necessary expertise.

An example is UBAF Arab American Bank, with headquarters in New York. It opened its doors in 1976, and today it is the 46th largest Arab bank with $900 million in deposits. Holding 5 percent of its stock is Houston's large bank-holding company, Texas Commerce Bancshares. Another 5 percent belongs to California's most profitable bank, Security Pacific. The rest of the stock is owned by Arab banks from across the Mideast.

Institutions like UBAF Arab American was where the Arab bankers chose to gain a foothold in international commercial finance. Individual Arabs like Mahfouz chose a different route.

When Mahfouz, Connally and Pharoan joined forces to buy Main Bank, Connally was criticized by Houston bankers for directing the Saudis to the investment. The Houstonians feared, as one of the city's international bankers put it, that "Mahfouz's Mideast connection" would force local banks out of their profitable international market. They were relieved to find that the bank's emphasis remained on local banking during Mahfouz's ownership.

The Houstonians were correct that banks are attractive targets to the Arabs. Typically Arab businessmen do not go for spotlight investments, as have Europeans in Houston, who may have to show a picture of the property to their partners at home. The Arabs seem to be answerable only to themselves. They are drawn to the banks as low-key, almost invisible holdings.

In Houston, one Arab-American Chamber of Commerce official has estimated that Arabs have $1 billion invested in total, in everything from real estate to refinery stock to, of course, banks. The majority of the acquisitions have been done through firms with headquarters in New York, London, Houston and the West Indies.

But of the 64 foreign banks doing business in Houston at the beginning of the year, not one was Arab. And Saudi Arabia's National Commerce Bank, for reasons known only to its directors, recently brought home its lone official in the city.

Moderate Impact

Despite this relatively moderate Arab impact, warnings have been sounded in the United States. In 1979, Senator H. John Heinz 3d from Pennsylvania cited statistics that foreign banks made more than 15 percent of all big U.S. business loans. The percentage is higher in New York, California and Texas, he said.

He continued: "And with petrodollars piling up, individual buyers may become a new force. These buyers are essentially beyond our jurisdiction and beyond our control. It is likely that the prospect of both direct and indirect financial and political influence will convince wealthy Arab businessmen that United States banks are good investments."

They may be good investments. But so far, the senator's fears of "influence" and "control" have not been justified.

This distrust of foreigners has been partricularly directed against the Saudis, because they are the wealthiest and most visible. But the one place Saudis have remarked they do not experience the "xenophobia factor" is Houston. They theorize that it is because Texans and Saudis are both *nouveaux riches* who lucked out by living on top of ground filled with oil.

Dr. Ghazi al-Gosaibi, Saudi Minister of Industry and Electricity, joked about the issue in an interview with Saudi Business magazine. Despite their new wealth, he said, "both Texas and Saudi Arabia are countries who want to be friends with the United States."

FINANCE *holding companies in 'world's best banking market'*

By Lucius Lomax

HOUSTON — Houston Oil & Minerals is the legend among Texas wildcatters.

Described by Fortune magazine as the "nation's standout small exploration company," the price of its stock has risen by almost 5,000 percent since 1973. Its revenues have gone from $1.5 million in 1970 to almost $450 million in 1980. Still, despite this phenomenal success, the company began the decade with an equally large debt — $450 million — accounted for in part by drilling expenses that can be as much as $1 million a day.

The company was strapped for cash. It did not, however, turn to the banks for more loans.

Instead, Houston Oil accepted a friendly merger bid from Tenneco, Inc., the huge energy conglomerate. The $2-billion deal meant more oil and gas for Tenneco and cash that will allow Houston Oil to continue its energy exploration.

It is a sweetheart of a deal for both companies and is also an example of corporate finance as practiced in Houston. Which is not to say that Houston banks are not impressive in their own right. In 1970, none of the Texas banks were close to being among the 20 largest in the nation. As much as any one reason, Texas state law was responsible. It prohibited branch banking. In fact, it prohibited the same bank from having more than one office even in the same city. But congress passed the Federal Bank Holding Company Act that year and Texas banking will never be the same.

Banking Competition

For the first time, the law allowed establishment of holding companies, which were permitted to buy up competitors within the same state. The laws' practical effect was that Texas's major banks became huge capital conglomerates capable of competing for the big, profitable commercial loans made by the heavy-hitters of the U.S. financial world, the banks of California and New York.

Houston bankers were the first in Texas to take advantage of the change. The acquisitions began almost immediately, and they have not stopped yet.

Today, Houston has seven of the nation's 200 banks of $1-billion-plus assets. Of the $90 billion deposited in Texas banks during 1980, 17 percent of the money was held by Houston's top two bank holding companies alone. And, by the end of the decade those two companies, Texas Commerce Bancshares and First City Bancorporation of Texas — most recently ranked 20th and 23d in size in the nation — are sure bets to crack the top 20.

"Texas is the world's best banking market," announced Jack Hyzer, a vice president of the investment firm of Rauscher Pierce Refsnes, Inc. Earnings per share of the major holding companies in the state rose 21 percent in 1980 and are estimated to have gone up 25 to 30 percent in 1981. Even as the rest of the country slid into a near depression — including a downturn in the energy industry — the holding companies' profits are expected to improve as much as 15 percent in 1982.

Last year was the record year for acquisitions, but 1982 is continuing apace. One of the state's most fiercely independent medium-sized institutions, Dallas's $410-million Preston State Bank was gobbled up in April by Southwest Bancshares of Houston. Southwest at the same time acquired the Houston area's second largest independent, valued at $240 million.

"The Houston energy industry leads the economy and continues to increase profits," said Southwest's chairman, John Cater, when asked about the climate for banking in the city. "Commercial construction, perhaps the biggest indicator of industrial growth, is well above the national average."

Actually, apartment construction in Houston is stalled and home building has dropped to only a moderate pace. But as Mr. Cater said, office construction, always a good indication of what business thinks of Houston's prospects, continues to be astounding, with one square foot of office space under construction for every four feet already in existence. Mr. Cater predicted that the city will have $3.9 billion in commercial construction in 1982, compared to $3.66 billion in 1981.

"Not even Houston is immune to high interest rates," said Tom King, president of the Texas Savings and Loan League, the state thrift institutions' lobbying arm. But noting that the city's employment rate is still good — up an average 6 percent a year since 1975 — Mr. King said not all is lost.

Mr. King, vice president of a large Houston savings and loan association, said construction of new homes is enough to keep thrift institutions, most of which are heavily committed to old mortgages at low interest rates, out of the red. He did predict, however, more "shotgun marriages" of ailing savings and loans with wealthier partners.

Banking and finance in any city is a reflection of all business activity, and Houston's success has not gone unnoticed. No out-of-state institutions yet offer full-service commercial banking in Houston, but 116 out-of-state banking organizations now have offices in Texas, mostly in Houston and Dallas.

Outside Interests

In California, where in many cities there is rent control, the liberal complaint has become that real-estate money is leaving the state for Houston, where there is not even zoning, much less rent ceilings. But these outside interests have not been limited to other states. In 1976, there were 15 foreign banks in Houston. Today there are 64.

A few years ago, Dolph Briscoe, the then-Texas governor, was asked his feeling about the influx of foreign money into the state. His response was typically Texan: "Texas was developed by foreign capital," the rancher-banker-politician replied. Mr. Briscoe noted that the ranching industry of the West Texas panhandle was developed by British capital. "Texas has always been and is today a capital-deficient state," he said.

With all the ideas for making money, needing money to get a start, the governor was probably right. The official position of the present state and city administrations echo Mr. Briscoe's sentiments that dollars coming into Houston from abroad free local money for use in other investments.

In line with that thinking, West German and Dutch investors have been buying downtown office developments from their original developers to be used as rental income. Shell Oil's pension fund is rumored by one former Chamber of Commerce official to have $1 billion in investments in the state, primarily in Houston. The largest foreign investors have been insurance companies, pension funds and banks, with the West Germans in the lead overall.

Still, oil-rich Mexicans are buying condominiums right and left and sometimes just flying up from Mexico City to shop. And the British are not far behind, with Coldwell Banker making a tidy sum from providing interim financing of construction. The British post office's pension fund has also financed a multimillion-dollar shopping area next to Houston's Galleria mall.

Recent Banking Changes

Banking in Houston, as in the rest of the United States, is going through some tough changes. They are having to shift to computerization, larger lines of credit and more sophisticated marketing campaigns to cut costs and to keep pace with new competitors. The recent deregulation of allowable interest rates paid on deposits means that banks and savings and loans now compete against each other for depositors. Both must offer higher interest to consumers to attract their money.

The savings and loans, now no longer restricted to offering mortgages, are becoming more like banks in services offered. The larger banks in Houston are meeting the changing times by growing larger still through acquisitions, thus insuring a supply of money to lend. The mid-size banks are shifting to banking on the European model, cutting deals themselves or being bought up.

And the small independent banks that the state legislature sought to protect by prohibiting branch banking are, increasingly, disappearing.

cutting U.S. energy imports

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the threat of the Soviet Union. Though the Soviet Union has vast reserves of oil and gas, a large portion of these are undeveloped and in remote areas or will require considerable technical expertise to exploit.

"We are not finding as much oil and gas as we need, the nuclear industry is shut down and coal is in the doldrums," he said. "I am pessimistic that we are not going to find enough oil and gas to meet the expected 1990 demand of 70 million barrels of oil a day. Gas production now is about 143 billion cubic feet a day and needs to be 200 billion cubic feet a day in 1990."

The fact that prices are even lower and supplies are more abundant than previously forecast levels is delaying the development of alternate energy sources such as nuclear power plants, shale oil and coal gasification facilities, geothermal units and other projects in the United States, he pointed out.

"The Reagan administration or the industry or both are making a real mistake in cutting back on alternate projects," Mr. Keplinger said. "We need to be doing the research and development now."

American corporations also must make better efforts to understand economic systems in other parts of the world to work within, not against, these systems, he said.

Mr. Keplinger also suggested that businesses give more consideration to the long-term ramifications of their actions.

Mr. Keplinger also recomends an expanded role for the U.S. business community — to do a better job of educating the public about its operations. "Businesses need to explain what profits are, not just how much they are," he said.

"We have a society where business, government and individual interests can coexist and be mutually beneficial to each other. It is an opportunity that exists nowhere else in the world."

conservative mayor mirrors achievements of a city on the move

By Ryan Bernard

HOUSTON — The new mayor is unlike anything Houston has ever seen before. She's a woman, for one thing: a petite, 35-year-old blonde named Kathy Whitmire, who is only the third woman in history to be elected mayor of a large American city.

In office since last January, the mayor symbolically represents everything that Houston has become over the last decade: young, prosperous, politically conservative and socially liberal. A former accountant, city controller and an acknowledged feminist, she won the mayor's race despite being outspent two-to-one by her powerful rivals and did it by promising Houstonians she would make their government more efficient and businesslike.

In comparison, the men she defeated — former mayor Jim McConn and county sheriff Jack Heard, both paunchy and middle-aged — represent everything that Houston once was. For decades, the Houston city hall was controlled by something called "the good-old-boy network," a loose coalition of lobbyists, special-interest groups (usually real-estate developers), councilmen and entrenched city department heads, which was usually successful in getting its candidates into the mayor's office through well-financed, well-oiled campaigns.

'Instead of being a reactive city council ... the council saw that important things got through.'

Thanks to an electoral system that allowed city council candidates to run for office "at large" rather than being elected by districts, special interests found it possible to pack city hall with people they could trust to run the city the way they wanted it to run. The preferred style of government was one that shunned planning and regulation. To many real estate developers, government planning was anathema, because it meant the government would be telling them where and how to build.

Consequently, over the last decade, Houston has grown from a fairly pleasant city into a sprawling, unzoned behemoth that is choking on its own growth. Migration into Houston over the past decade has been enormous — at times reaching an average of 9,000 a month as job seekers poured into the city from across the nation, attracted by the city's booming economy and lucrative pay scales.

The boom came as no surprise to private planners, but it seemed to have caught Houston city government with its back turned. Many of the Houston's streets and freeways, designed for the traffic loads of the early 70s, are now seriously jammed for a major part of every day. Houston's water and sewage facilities are outmoded, resulting in occasional water rationing and a construction moratorium in some parts of the city that has lasted nearly a decade.

The local storm drainage system has been so swamped by all the new development that a mild rain can send floodwaters backing up into hundreds of living rooms. The Houston Police Department is so understaffed and poorly managed that it often takes over a half-hour to respond to the most serious emergencies. Houston's mass transit system a crippled and outdated fleet of 550 buses, has been in chaos for years. By the end of Mr. McConn's term in 1981, it was clear that Houston was growing out of control; that the old way of doing things had resulted in chaos; and that it was time for a change.

Promising Turnabout

Fortunately, several things have happened that may bring about a promising turnabout in the city's fortunes. One of the most important changes came in 1979, when the U.S. Justice Department declared that Houston's minorities were under-represented by the "at large" system of electing city council members. After some wrangling, the city and the federal government agreed on a system whereby the council would be expanded from nine to 14 seats, with nine elected from districts and the other five chosen at large.

Within the span of one election, the Houston city council suddenly changed from a group of mostly white middle-class businessmen to a mixed group including two women, three blacks and one Mexican-American. Within a few months,the new council promptly passed — over the howls of the business community — a landmark billboard ordinance limiting what one council member calls "the visual pollution" along Houston's crowded roadways.

The council quickly followed up with a series of new ordnances tightening fire codes, promoting historical preservation and permitting fluoridation of city water. "Instead of being a reactive city council ... rubber-stamping everything, the council in early 1980 became initiators and saw that important things got through," asserts Councilwoman-at-large Eleanor Tinsley, one of the new faces. "I think people now are better represented than they were before and that citizens are closer to city government."

With the enormous migration over the last decade, the political complexion of the voters has been changing as well. "The type of people who've moved in generally speaking have been white, young and highly educated," said Jan van Lohuizen, vice president of Tarrance and Associates, a highly respected Houston polling firm, "and because of that, the city has acquired a very conservative political flavor and become more Republican than it used to be."

Image of Conservative

Mr. Lohuizen believes that this new group more than any other was responsible for bringing the new mayor to power. Though Mrs. Whitmire did not clearly identify with any political party during the election (party affiliation is usually negligible in city politics), she successfully projected an image as a fiscal conservative and a good manager.

"The cutting issue was basically competence," Mr. van Lohuizen affirmed. "Whitmire was really the first mayoral candidate that represents the new emigrant to the city. Whether or not that will hold true in the coming years is hard to say, but if immigration continues, you would expect the new immigrants to start taking on a larger, more important position in city politics, which could be a very significant change in the next 5 to 10 years."

There is some hope that the trends that brought Mrs. Whitmire and the new city council to power may result in a new era of more responsible and responsive local government. But Mr. van Lohuizen thinks it will be at least a decade before any results begin to show.

"The start-up times for the solutions are so long that before they have an appreciable effect on the problems at least 10 years will go by," he said. "Another thing is that, because of the civil-service system, it is very hard to bring about rapid changes in the city administration: it's extremely hard to get rid of a department head. Another problem is the two-year [mayor's] term: it takes several months for a mayor to get her feet on the ground, then she has a year or so to be a mayor before she's up for re-election. So there are a number of things that are going to make it very hard for Whitmire to make a dent in the problems in the short run."

Fortunately, Mrs. Whitmire shows a clear eye for the problems. In her first few months as mayor, she has moved fairly quickly to make department heads more accountable to the mayor, stacked the civil service commission in her favor, appointed nationally renowned administrators to head the police department and transit authority and backed a $6.2-billion Chamber of Commerce master plan to revamp Houston's traffic and transit system.

Houston

Oil — Energy — Business

Surgeons monitor a patient's temperature while he undergoes whole-body hyperthemia.

MEDICINE

29 institutions make up a mecca of medical knowledge

By Joan Goffman

HOUSTON — Last July, in a 55-hour operation, an artifical heart was implanted into the chest cavity of a Dutchman, Willebrordus A. Meuffels, 36, at the Texas Heart Institute at Houston.

Mr. Meuffels was one of more than 1,100 patients to participate in the Dutch Airlift Program, which brings Dutch heart patients to the Texas Heart Institute for cardiac surgery.

Although Mr. Meuffels died a week *after* the surgery, the artificial heart performed well, giving the surgeons critical time to locate a human heart to transplant.

Life and death for Mr. Meuffels — and 75,000 others, including patients, families and health care professionals — unfolds daily at the 29 institutions comprising the Texas Medical Center.

Since its inception 40 years ago, the center, now spanning a 353-acre area, has become one of the most comprehensive meccas of medical knowledge in the world.

Figures released by Texas Medical Center, Inc., the coordinating body of T.M.C., state that 142,726 hospitalized patients, from nearly every country of the world, were treated at the complex in 1980. In addition, more than $86 million was spent on research for 1,344 research projects.

Second Largest Business

Medicine is now Houston's second largest business, trailing the city's petrochemical industry. Last year, T.M.C. had an economic impact of $1.5 billion on the Houston economy. Additionally, the T.M.C. 1980 annual report estimates that the center will grow 50 percent during the next decade.

Jane Brandenberger, director of academic and public affairs at T.M.C., Inc., said, "I don't think there is a medical question in the world that isn't being examined at T.M.C. — from genetics to sophisticated neuro-physiology."

But, says Mrs. Brandenberger, the *raison d'etre* of T.M.C. is the patient.

Four general-care hospitals, two heart institutes, a crippled-children's hospital, a cancer hospital, an institute for mental research and long-term rehabilitation center offer patient care.

Probably the two most famous T.M.C. physicians are the arch rivals, heart surgeons Denton Cooley and Michael E. DeBakey.

Dr. Cooley, who was Mr. Meuffel's surgeon at the Texas Heart Institute, said: "We did a successful transplant in 1968 and we were the first institute to implant an artificial heart into a man in 1969. To date we have implanted three artificial hearts, and we are continuing our development."

About half a block from the Texas Heart Institute is the National Heart and Blood Vessel Research and Demonstration Center — Dr. DeBakey's domain. Dr. DeBakey is chancellor of Baylor College of Medicine and chairman of its surgery department.

Growth in Research

Dr. DeBakey recalls that when he arrived in Houston in 1948, to be chairman of the department of surgery, he was one of two people in the department. Since then, Dr. DeBakey and his team of researchers have pioneered a treatment for an aneurysm of the aorta, or a weakening of the wall of the artery, and developed the coronary bypass surgery.

Dr. Cooley, a former colleague of Dr. DeBakey, left in 1960 and founded the Texas Heart Institute, where he is surgeon-in-chief.

In addition to cardiac-care procedures, T.M.C. breakthroughs include the installation of the world's first medical cyclotron for cancer radiation therapy at M.D. Anderson Hosptial and Tumor Institute, the use of the argon laser, a fluorescent tube with argon gas for certain types of skin cancer and scars, at the Methodist Hospital, and the injection of synthetic growth hormone for unusually short children at Texas Children's Hospital.

How has all this been possible? Why has T.M.C. mushroomed from its humble beginning as a one-institution complex, the Baylor College of Medicine, to the world's largest medical center — from prairie land, with oak trees and grazing animals to high-rise buildings and parking garages?

Mrs. Brandenberger replies, "Perhaps because of the oil money, perhaps because of the tradition of philanthropy in Texas, support to the various institutions has been very generous. What the early planners of the medical center envisioned as a three-to-four room hospital complex with lots of trees and parkland has turned into a medical wonderland."

The center's growth began in the early 1940s with the donation of a $20-million estate from bachelor cotton merchant, Monroe D. Anderson. Through a special city election, a tract of 134 acres of land in southwest Houston was designated to become T.M.C.

Dr. R. Lee Clark, the first director, needed money to build a blood services lab at the hospital. "He went to lunch with philanthropist Corbin Robertson, and came back with $3 million; where else but in Texas can you do that?" said Mrs. Brandenberger.

And Dr. Cooley describes philanthropist Hugh Roy Cullen as "the grandfather of the medical center." From 1946 to 1948, Cullen gave several million dollars to get the center off the ground. Additionally, in 1966, the Ray C. Fish Foundation provided $5 million for the Texas Heart Institute.

Dr. Cooley maintains that the medical center is able to attract qualified professionals from all over the world, as well as patients worldwide, because "of the recognition of work, interest and effort at T.M.C."

"I think the medical center is rolling down the hill like a big snowball — and will get bigger and bigger in the years to come." Dr. Cooley said.

developers of residential and commercial real estate investing with unrestrained optimism

By John Taylor

HOUSTON — At a time when the American housing industry faces its gravest crisis since the Great Depression, commercial and residential real-estate developers in Houston are building with almost unrestrained optimism — and understandably so.

Since the turn of the century, the population of Houston has doubled every 20 years, creating a housing and construction boom that continues today. In 1981, the six-county Houston metropolitan area led the nation in housing starts with an estimated 44,000 units. In the same year, Houston issued more than $3 billion worth of building permits, making it the nation's leader in that category as well.

Steve Shepherd, marketing director for the development firm of John Mekom, says: "The real estate explosion is due to the fact that, for one thing, Houston has no zoning laws, making it fertile ground for developers. For another, petroleum wealth has created a great amount of money for investment and the risk-taking attitude to go with it."

Fever Pitch

Houston's commercial construction has reached a fever pitch. Construction is currently under way on more than 100 office buildings, 13 high-rise condominiums and a dozen hotels. Tenants are absorbing the space almost as fast as developers are building it. Unofficial tallies show that roughly 18 million square feet of office space were completed in 1981 — more or less equivalent to nine building 100 stories tall.

At the same time, absorption rates are running at an annual rate of approximately 11 million square feet, and so, as William Berry, president of Property Research & Investment Consultants, Inc., points out: "We only have about a six-month supply of space now available."

In Houston's central business district alone, 12 skyscrapers are going up. The cost of land and rental rates have kept pace with the record-breaking demand for office space. Land in the business district now ranges from $200 to $750 per square foot — more than double the price three years ago. Rents for prime downtown office space run from $15 to $27 a month per square foot and average more than $21. Rents for currently available space at the new Texas Commerce Tower have climbed to $26 per square foot. Even at such steep prices, overall occupancy for buildings in downtown Houston stands at just over 99 percent.

The frantic pace of construction has markedly altered Houston's skyline and more change is just over the horizon. Indeed, a sort of skyscraper contest is now under way, similar to the who's-the-tallest competition that changed Manhattan's skyline 60 years ago.

Currently the Texas Commerce Tower, a slender, five-sided structure designed by I.M. Pei, stands higher than any other Houston edifice. The Commerce Tower is the tallest building outside New York and Chicago but it may soon be edged out of first place by the Campeau Building, a proposed 80-story structure now in the pre-leasing stage with construction due to start this summer.

Houston's lucrative real-estate market has attracted foreign investors from places as diverse as the Milddle East, Japan and Britain. More than 20 percent of the city's prime real estate is controlled by foreign interests, according to one account, including such landmark buildings as One Shell Plaza, the Saks Fifth Avenue Center and the twin trapezoidal towers of the Pennzoil Building.

Foreign developers have moved into Houston as well. Giorgio Borlenghi, the italian developer, is putting the finishing touches on his $100-million Four-Leaf Towers, a pair of 40-story luxury condominiums. But the bulk of the real-estate is still controlled by U.S. investors, including insurance companies like Prudential and Metropolitan, various pension funds and a handful of powerful independent owners, the most prominent of whom is Gerald Hines.

Skyscraper fever in downtown Houston is only one feature on the city's multifaceted real-estate map. Many commercial developers see the real future in the small-to-medium-scale office buildings that are springing up in suburban locations miles from downtown. Kenneth Lehrer, a financial planner for Allison-Walker Interests, Inc., calls these suburban commercial properties the "adventureland of development."

Mr. Lehrer says that these mini-business districts have created a "downtown" atmosphere away from the congestion of central Houston. As a result, workers live nearer their homes, avoiding for the large part Houston's notorious traffic jams. In turn, that permits the city to distribute its growth over a wider area and ease the burden of its already overloaded infrastructure, particularly its roadways, garbage disposal and water works.

Developers are packaging these suburban downtowns as small-scale urban centers, designed to include not only office space but hotels, retail outlets, restaurants and entertainment facilities. In addition to its office buildings, the Galleria area has four major hotels, more than 12 restaurants and more than 200 shops, including sleek boutiques like Gucci and Cartier. The confined and self-contained arrangement is particularly appealing to foreigners unfamiliar with Houston's overwhelming central business district. Last year foreigners reportedly accounted for almost 50 percent of the retail trade in the Galleria area.

Mr. Borlenghi, who hopes to cash in on the suburban center trend with suburban condominiums, affirms: "Its a rediscovery of the urban center as it was in Europe. You'll live near where you work. You won't have a downtown that's deserted at night and then a distant residential satellite."

Critics charge that the suburban office centers have simply introduced into unprepared residential areas the congestion of a midtown business district. They point to areas like southwest Houston, a formerly residential location where as many as 150 multistoried office buildings have been built in the last decade, including such large-scale projects as architect Philip Johnson's Post Oak Central, a three-building complex, each 24 stories tall. The area's roads have not been expanded enough to carry the loads they must now bear — and lengthy traffic snarls are routine.

Rapid Pace

But Houston's total absence of zoning laws means that the trend toward suburban office centers will undoubtedly continue. As long as developers comply with basic building codes, they can put virtually any building — from a luxury hotel to a pornogaphy bookstore — in any place.

Consequently, contruction in suburban areas including Westheimer-Gessner, Galleria to the south and Greenway Plaza to the West, is proceeding even more rapidly than in downtown Houston. Land at such prime suburban locations costs as much as $250 a square foot — approaching downtown prices — while in outer suburbia it sells for between $5 and $25 a square foot.

Throughout Houston's suburbs, the land is going commercial fast, seemingly regardless of the price. According to a report by Property Research and Investment Consultants, more than 64 million square feet of leasable commercial space had been completed in the suburbs as of July, 1981. More than 94 percent of that property has been leased, with rents ranging from $12 a month per square foot up to $50 for the most sought-after locations.

Residential real estate is doing almost as well. In the past 10 years Houston's population increased by more than 500,000. To meet the demand for new homes developers built 249,661 houses and apartements in that period. And while the housing market is now soft, real-estate analyst Steve Shepherd points out that if interest rates drop to acceptable levels, there is a large pool of middle- class Houstonians ready to buy houses.

In recent years, however, Houston residential developers have moved away from single family dwellings toward the construction of low-cost apartment complexes. That trend is typified by Harold Farb.

Mr. Farb, a Houstonian, controls companies that have developed more than $1 billion worth of office, hotel and retail space. He manages 20,000 apartments and could well be the largest independent apartment operator in the world. Last month, in a development viewed as significant in Houston real- estate circles, he announced a massive construction project that involves erecting 25,000 apartment units over the next 10 years at three Houston locations. "After two years when financing has been bad it's beginning to break," he said. "We are seeing some daylight. I'm optimistic."

Other residential developers have also begun furiously building lost-cost apartment complexes. Construction is under way around Houston on more than 15,000 apartment units that range in style from mock-Tudor to neo-colonial to Bauhaus minimalist. Houston's Chamber of Commerce predicts that construction will start on an additional 18,00 units by the end of the year.

Given the current United States recession and the worldwide oil glut — with its dampening effect of the energy industry — some market analysts fear that Houston real estate developers might have overbuilt. Mr. Borlenghi, for example, built his luxury condominiums on speculation and, according to industry sources, he is having difficulty filling them. William Berry of Property Research says: "Some Buildings [in outlying suburban areas] are still sitting there without a tenant for so much as one square foot of office space a year after completion."

But developers say there is a temporary fluctuation in demand. Overall absorption of suburban office space in 1981 was the highest ever: 10.1 million feet. And according to a report by the Office Network, Inc., the rate of absorption should increase by 14 percent over the next year.

The future of Houston's real-estate market hinges completely on the future of energy and American energy policy. Mr. Berry notes: "Natural gas is now being slowly decontrolled. And total decontrol would mean a big increase in demand for downtown and suburban office space."

And that, of course, would boost the demand for more housing.

proudly and unabashedly a place for retailing

By Sharon Donovan

HOUSTON — Whatever images this city conjures up — pickup trucks with sun racks, corporate cathedrals worshiping the bottom line or a medical center where miracles are performed — Houston is unabashedly and proudly a place for getting ahead.

Along with the oil magnates and banking barons, retailers have found this to be true as well. Houston retailers, who like to call the city the buckle of the Sun Belt, are drawn here because, as one University of Houston professor said, "You are not plagued by government, you can put your store where you want, taxes are low and people have money." That, in a nutshell, describes the retailing climate of Houston.

An authentic touch of Texas has great bearing on the retail market — western-wear emporiums such as Cutter Bill's and Stelzig's, as well as the special departments within the larger stores provide a texture of the country and western that separates Houston from other cities, while oil may provide the city's economic base.

The western influence in dress, of course, is pervasive in Houston, and always has been. Although ranchers and rodeo riders have always worn the western roundup look, the movie urban cowboy gave it considerable notoriety throughout the world.

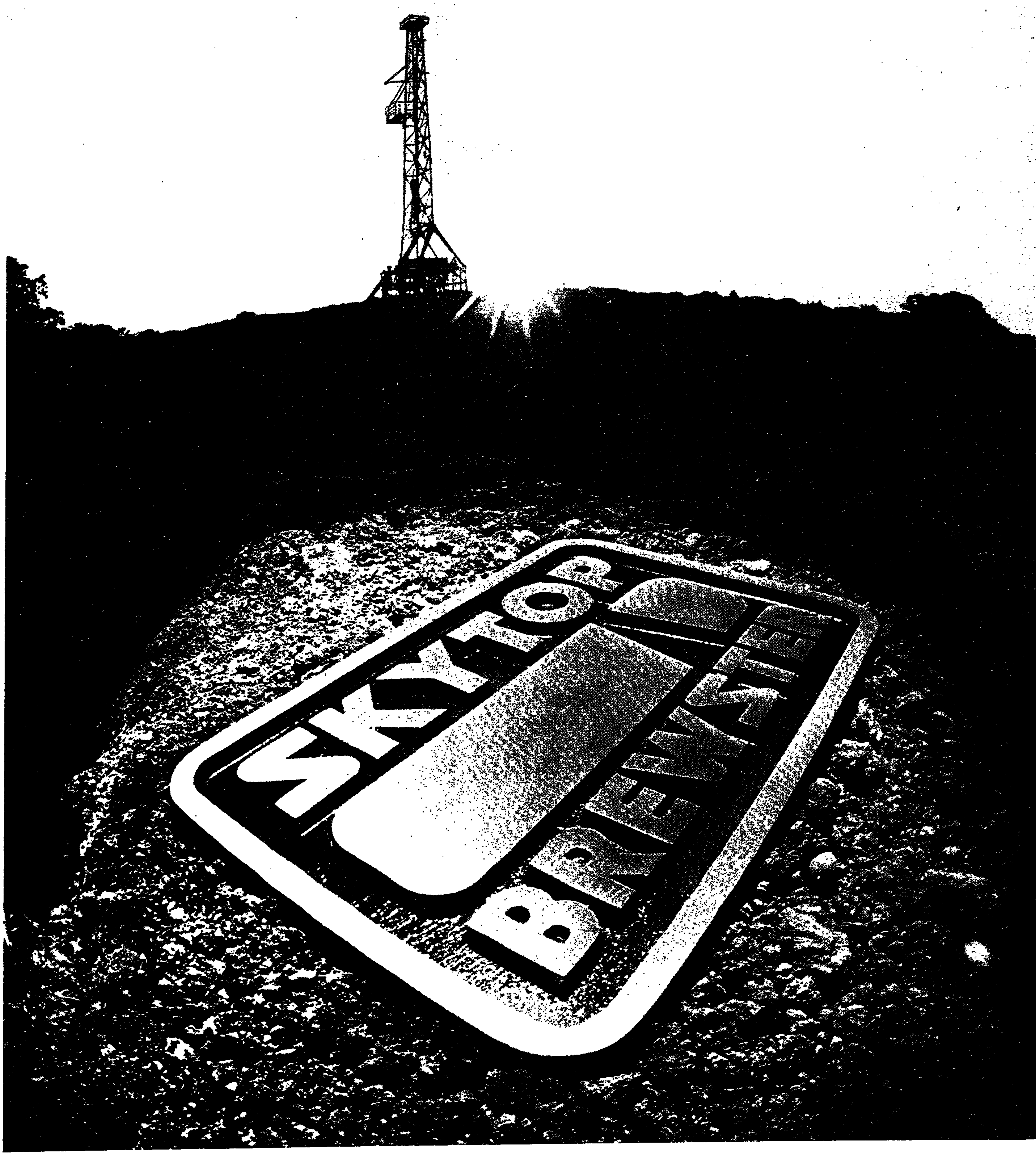
In 1980, the most recent year for which figures are available, the Houston-Galveston Standard Consolidated Statistical Area ranked seventh in retail sales among 24 areas of U.S. metropolitan areas with populations of 1.5 million people. With a retail sales volume of $18.1 billion, this represented an increase of 62.5 percent over 1977. Projections into 1985 forecast a 99.9- percent increase of retail sales volume, which is expected to hit about $36 billion and boost Houston's ranking to fifth place.

Retail sales per household — which breaks down to purchases by local residents, visitors, businesses and government — was logged at $15,920 in 1980. This put Houston first among the 24 areas and represented a 31.8-percent increase over 1977. By 1985, the retail sales per household is expected to be $25,816, with Houston again earning a position in first place with a projected 62.2-percent increase over the five-year period between 1980 and 1985.

While Houstonians' spending patterns contribute to the boost in retail sales, shopping centers — now numbering more than 200 — with about 200,000 square feet of space under one roof make it especially convenient for the consumer to spend. At least 18 of Houston's shopping centers are considered major malls with at least 1 million square feet of retail space.

Pre-eminent among these shopping malls is the Galleria, which observers say typifies the city. Containing everything that embraces the American spirit — climate control, piped-in music and beautiful people, it's Houston's cathedral.

Houston Center, which will eventually cover 33 city blocks, will be developed over a to to 15-year period. And retailing is expected to occupy a considerable share of that space, along with offices and hotels, as well as some residential properties and cultural and entertainment properties.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BUSINESS/FINANCE

AM International's Debt Petition Proves Time Does Not Stand Still

By N.R. Kleinfield
New York Times Service

NEW YORK — In 1893, an inventor named Joseph Duncan breezed into Chicago to find his fortune with an automatic addressing machine. He sold a dozen of them in a year and was heartened enough to form Addressograph Co. in 1896.

Meanwhile, Henry Gammeter had concocted a machine that could print a complete line or a complete page of characters at a single stroke, rather than mincing along a character at a time. In December, 1902, he formed American Multigraph Co. in Chicago.

For several decades, the two companies went their separate ways, though their products often churned away side by side in offices. It was a logical marriage, then, when the two joined forces as Addressograph-Multigraph Corp. in 1930.

It was the start of one of the best-known companies in business annals. Its embossed metal address plates were once as common as business cards in offices of every stripe. Furthermore, it became a darling of Wall Street, a must in many blue-chip portfolios.

The decades of success are now just feeble memories for the office products company that changed its name to AM International, stumbled in a desperate effort to migrate from the mechanical to the electronic age, lost $245 million last year and Wednesday announced that it was seeking protection under the bankruptcy laws while it worked out a reorganization plan with its creditors.

The collapse of AM International, a company only marginally profitable for most of the last decade and dubbed "Addressograph-Multigrief" by some followers on Wall Street, is a classic case of a thriving company's failure to cope with a new environment.

"It's been almost like a guy who contracts a fatal disease," said an analyst who has long followed the company. "I've just watched it shrivel up and die. It's very sad. There's a human tragedy here of just awesome dimensions. There have been families that built their life around this company and were so terribly misled. The generals couldn't have done worse at the Charge of the Light Brigade."

Through the start of the 1960s, things went swimmingly. The company had a lock on the duplicating business.

Things began to sour in the mid-1960s, when the technology war began to heat up with electronic addressing machines and copiers, catching the company's management napping.

"It was sloppily managed and managed off the back of an envelope," an analyst said. "They thought it should run on automatic pilot. They took their basic business for granted. Any time you take your basic business for granted, you get killed. I mean, technical gales were swirling around this baby. The water was rising and nobody even saw it."

Management panicked. The company pumped out new products — automatic duplicators, copiers, electronic communications systems related to offset presses. They failed. For example, in 1966 AM had to take its desk-top Bruning 3000 off the market because it did not work.

In 1971, Charles Davis was rushed in from Honeywell to run the company, succeeding William Wilson, who was in his 70s. An analyst recalled: "Every single month, there was a new surprise. They hadn't costed out machines right or they mispriced goods or they didn't have a handle on inventory. It was problem after problem after problem."

Xerox introduced its high-speed 9200 copier in 1974, and the popularity of such machines began to grow apace. Much of that growth was at AM's expense.

In 1976, the company hitched its future to another star, Roy Ash. Fresh from the nation's capital, where he served as President Nixon's chief of the Office of Management and Budget, after having helped found Litton Industries, Mr. Ash took charge and even bought $2.7 million of stock. He planned to rejuvenate the company by getting it into sophisticated products that would allow the company to shed its dinosaur image.

He was going to wrestle with the likes of Xerox and IBM. He moved the headquarters from Cleveland to Los Angeles, and he started to call AM "the Informationists." Heads flew. The average age of management dropped to 40 from 60. His job, as Mr. Ash once put it, was to "change a corporate culture."

By doing so, he was entering the fastest-changing, most hotly competitive marketplace with a very creaky company. The gamble was predicated on the assumption that the duplicator line — the company's cash cow — would not collapse before the new products got going. But the cash cow began to run dry.

One analyst said that Mr. Ash tried to revive the company by going on an acquisition binge, straining the cash reserves of the company. And then the Addressograph division began to sputter and cough. Xerox began to bleed off profits with its 9200 series."

Mr. Ash, for his part, denies that his reign had anything to do with AM's demise and admits to no major mistakes. "We had a pretty successful company going up until February of 1981," he said Wednesday.

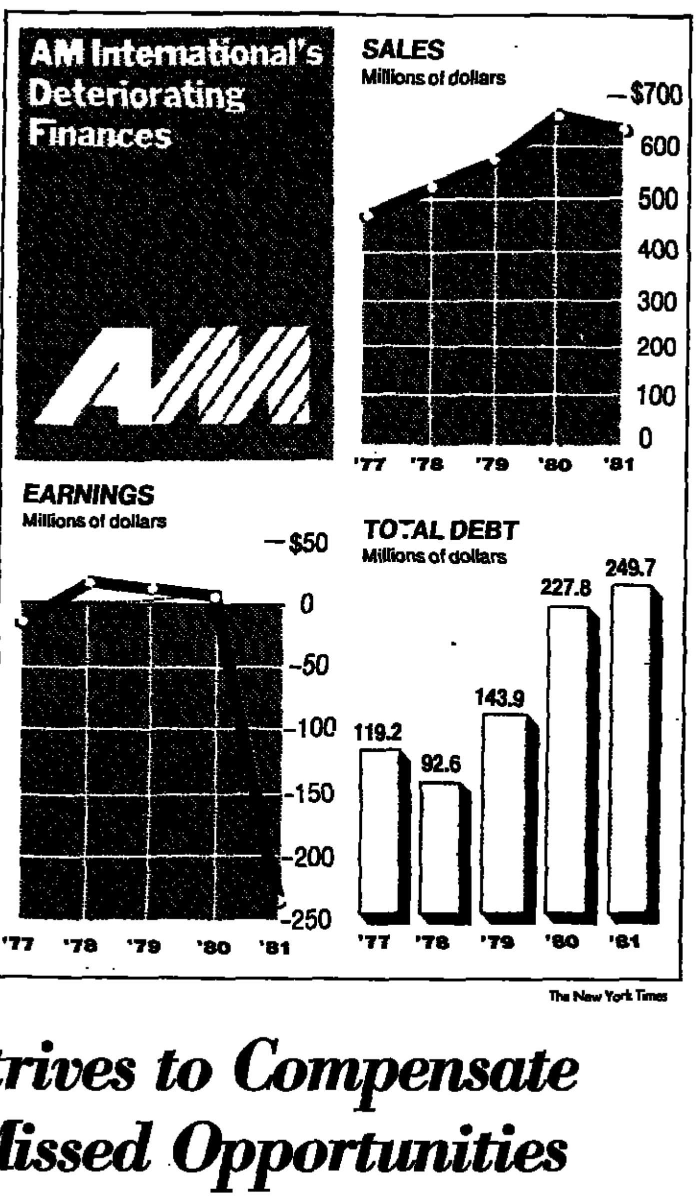
In February, 1981, AM's directors asked for Mr. Ash's resignation. They got it. To replace him, they recruited Richard Black, who had revived an ailing auto parts company called Maremont.

Mr. Black, after sifting through the company's affairs, accused the former management of being out of touch with reality and began to retrench. He moved the headquarters to Chicago, near the company's older operations, and sold off six of AM's units, mainly unprofitable technology-oriented businesses bought by Mr. Ash.

But the weight of its past continued to press down on AM. Late in February, Mr. Black quit. Earlier, he had filed a suit against former AM officers, including Mr. Ash, contending that they gave misleading information about the company.

Mr. Ash, who is now managing his own investments, maintained that AM would be rolling merrily along had he remained in charge: "The management of AM since I left is completely responsible for the company's present condition. Any attempt to ascribe any of the problems to an earlier era is a complete obfuscation."

He added that he was not surprised by the reorganization announcement. "It didn't surprise me after the very bizarre and even outrageous events of the last year," he said. "Nothing at AM should surprise you."



The New York Times

Bradshaw Strives to Compensate For RCA's Missed Opportunities

By Merrill Brown
Washington Post Service

NEW YORK — Thornton Bradshaw, who took over as chairman of RCA 10 months ago, says that more than anything else, the beleaguered company needs time.

The question is whether there is enough time for RCA, the company as responsible as any for the development of the U.S.broadcasting system, to catch up with an industry that may be passing it by.

The answer is likely to say a great deal about the future of the communications industry, as well as the future of RCA, a company with 117,000 employes, assets at the end of 1981 of close to $8 billion and a laundry list of problems almost as tall as the Rockefeller Center tower, where the RCA initials are a fixture over this city.

"I found perhaps a lot more problems than I had initially thought," Mr. Bradshaw said, puffing on a pipe, during an interview Friday. "But the important thing is that this is the time for a company like RCA. This is not an industry that is fading. This is not the hat industry. It is growing. All we've got to do is take advantage of it."

RCA late Thursday reported a 44 percent increase in first-quarter earnings, to $60.5 million, or 57 cents a share, from $42 million, or 33 cents a share, a year earlier. The earnings growth was aided by an extraordinary gain of $29.1 million from the sale of several businesses.

Sales in the quarter were $1.96 billion, a 1 percent advance from $1.94 billion last year.

In recent years, a major cause of RCA's problems has been instability in its board room. Robert Sarnoff, son of RCA's founder, was removed as chairman in 1975 and was replaced by Anthony Conrad. Ten months later, Mr. Conrad left after it was revealed that he had not filed income taxes for five years.

Mr. Bradshaw's predecessor, Edgar H. Griffiths, followed, but was ousted by a bitter board of directors in January, 1981. At the time, Mr. Griffiths was criticized by company insiders for failing to establish corporate goals for RCA.

The previous year, Mr. Griffiths hired Maurice R. Valente as president of the company. Six months later, Mr. Valente was fired. "You only get one chance to make a mistake like that," Mr. Bradshaw said. Only a few weeks after Mr. Valente's departure, Jane Cahill Pfeiffer was forced out of her job as chairman of the NBC subsidiary.

Mr. Bradshaw, who signed a $4.5 million, five-year contract, is planning on a dramatic rebuilding of RCA and a redirecting of the company's currently limited cash. The goal is turning RCA toward what Mr. Bradshaw, an erudite, 64-year-old former president of Atlantic Richfield, views as the company's historic mission: electronics, communications and entertainment.

As a result, the company is redefining its corporate identity at a time of unprecedented redeployment of assets in every sector of the communications industry, changes altering businesses as diverse as radio, television, cable TV, satellites and film. And it must face much stiffer competition from Japan in consumer electronics, where it was a longtime leader, while it lacks the power, clout and bottom-line stability that RCA's NBC television network — deep in third place in the network sweepstakes — historically brought the company.

Another Boom

"There was a misconception around here for quite a long time that electronics was a mature industry," Mr. Bradshaw said. "It was an easy misconception to fall into. Ten years ago it looked as though we had come to a plateau in consumer electronics. Today, it is just as obvious that we are facing an extraordinary explosion in communications, in the need for entertainment software and in the electronics that feeds the whole thing."

"Who's going to win?" Mr. Bradshaw asked rhetorically. "We don't know that. If I had the answer I'd sure keep it to myself. RCA's game plan is to be involved with as many of the delivery systems as it possibly can, to play as many numbers on the green table as we can."

For now, the two other major national television concerns — CBS and ABC — are lumbering along with RCA toward a new era. When RCA's joint cable programming venture with Rockefeller Center Inc., The Entertainment Channel, makes its debut later this year, all three giants will have stepped into the cable programming market with so-called "culture." RCA's venture will be fueled by BBC programming, long the fare of public television, in an effort Mr. Bradshaw says is different from ABC and CBS satellite networks because it combines mass entertainment with a tinge of culture.

But the irony for RCA lies in the fact that it was an RCA satellite that provided the impetus for the current programming boom, supplying for Time Inc.'s Home Box Office the distribution mechanism to build, beginning in the mid 1970s, the ballooning pay television market. That is but one example of a litany of missed opportunities that clutter RCA's recent past. "I wish we had been there," Mr. Bradshaw observed. "But," he added, it would take a "long arti-

(Continued on Page 15, Col. 5)

Bankers Set 30-Day Delay On Loan to Argentine Utility

By Carl Gewirtz
International Herald Tribune

PARIS — The seven lead managers of the $200-million loan for the Argentine electricity utility Segba met in New York Friday and unanimously agreed to put the operation "on ice" for 30 days, bankers said.

The original timetable had called for the loan, which was virtually completed, to be signed by

SYNDICATED LOANS

early May. The managers agreed to meet in 30 days to review the situation.

The EEC ban on Argentine imports will deprive Argentina of about 27 percent of its normal foreign-exchange earnings, and bankers are worried that if fighting develops Argentina could be forced to default on its foreign debt. Even if the dispute over the invasion of the Falkland Islands does not escalate into a shooting war, some bankers believe that the credit standing of Argentina will have to be re-evaluated.

Sources said at least one lead manager of the Segba loan is calling for terms to be revised upward. The proposed terms were a split margin of 1⅛ percentage points over the London interbank rate for the first four years and 1¼ points over for the final four years. Lenders using the prime rate as the base for calculation were to have been paid an eighth of a point less.

How much of an increase is actually being sought was not divulged. But some bankers not involved in the Segba deal argue that they see no reason why Argentina should not be paying as much as Brazil currently pays — 2⅛ points over Libor.

Bankers said that the situation in Argentina is casting a pall over Latin America in general. The region represents the area of greatest exposure for banks, which at latest count have outstanding about $168 billion in loans against deposits amounting to only $53 billion.

Thus, relatively little new Latin business is coming to the market. Occidental Corp. of Peru is seeking $250 million for seven years. This is a project loan, to be repaid from the cash flow generated from the production of oil. Interest will be set at 1¼ percentage points over Libor for the first four years and 1⅜ points over Libor for the final three. Bankers opting to use a prime-rate base will be pay a quarter-point less.

Venezuela's state bank supervising savings and loan institutions, Banap, is raising $250 million through the public sale of certificates of deposit. Interest will be set at a half-point over Libor, and lenders have the option of taking two- or three-year paper.

Officials from Ecuador visited London banks last week advising them that the government will be seeking up to $1.2 billion in the Euromarket this year for the public sector. The officials also scaled down the amount need for the private sector. Several weeks ago, officials had indicated publicly that they would be seeking up to $900 million to refinance private sector debts. But bankers last week were told that the amount would be a good deal smaller. Even so, bankers were muttering that Ecuador was grossly overestimating its borrowing potential.

In sharp contrast to the hesitation about Latin America, banks are falling over themselves in a rush to lend to Asia, widely perceived to be a major area of economic growth and an area where banks have relatively modest exposure — loans of $102 billion against deposits of $82 billion.

Thailand was able to use these pluses to get the lowest terms ever on a 10-year, $200-million loan for its petroleum agency PTT. It will pay ⅜ point over Libor for the first eight years and half a point over Libor thereafter. The terms were considerably more aggressive than what many bankers had been expecting — a maximum of six years for the low ⅜ point margin.

South Korea scored an optical coup on a $500 million loan for the Korean Exchange bank. Interest is set at ⅜ point over Libor for the first two years and ½ point over

(Continued on Page 15, Col. 1)

Heavy Flow of New Issues Takes Toll on Bond Market

By Carl Gewirtz
International Herald Tribune

PARIS — The Eurobond market began to run out of steam last week as a heavy flow of new issues, bearing very aggressive terms, failed to get needed support from the money market.

Short-term interest rates remained stubbornly high, diminishing the attraction of buying seven-year bonds yielding slightly more

EUROBONDS

than 14 percent when one-month money deposits were paying 15 7/16 percent on an annual basis.

Analysts were uncertain how to interpret the rise in short-term rates from the 14 percent prevailing a month ago. Some suggest the Federal Reserve has actually tightened its policy, driving up rates. Others believe the increase flowed from the anticipated bulge in the April money supply.

Whatever the answer, which remains a mystery, there was no escaping that the money supply did indeed bulge. Late Friday, the Fed reported in New York that the M-1 measure of the money supply soared $7.1 billion in the week ended April 7 — the upper end of forecasts that had predicted the figure would be between $3 billion and $8 billion.

If you believe that money talks, the message from the U.S. markets was that the increase was not worrisome. Prices in the bond market remained rather stable and the dollar closed below the day's high against the major European currencies. Motivating this optimism was the 14¾ percent closing rate on federal funds, down a full point from Thursday, and a belief that this cost of overnight money, from which all other rates are scaled up, would continue to ease this week.

This expectation is based largely on the signs that the recession is deepening — a renewed fall in industrial production, another decline in retail sales and a drop in inventories — and that the administration and Congress may be near a settlement in their dispute over the budget deficit. An end of that conflict resulting in a lower deficit would free the Fed to attack the recession by lowering interest rates.

The problem for the Eurobond market is that most of the recent dollar issues have been offered at terms that anticipated a significant decline in interest rates. Until that view is confirmed, the market is likely to suffer from an overhang of unsold paper.

Ready Money

The general explanation for the heavy calendar of new issues is the very large $2.82 billion worth of money theoretically available for investment this month from interest and principal repayments paid on outstanding Eurobonds. According to the annual study made by Orion Royal Bank, the April volume of so-called fund reflows are the largest for any month this year.

The worst performance of the week was turned in by American Express. Underwriters were complaining of being called on to take their full commitment, a sign that the issue was not really placed. The $75 million of seven-year paper was sold at par bearing a coupon of 14¼ percent and ended the week yielding 14⅞ percent at a price of 97¾ — a capital loss of 1¾ percent for anyone unlucky enough to have paid the full issue price.

A $200-million issue for triple-A-rated Phillips Petroleum did as

(Continued on Page 15, Col. 1)

Japan Misses Target for Car Exports

Los Angeles Times Service

TOKYO — Somebody seems to have made a mistake in the first year of Japan's self-restraints on passenger car exports to the United States.

In response to U.S. pressure, the seven Japanese automakers exporting to America agreed to hold total shipments to 1,680,000 cars for the 12-month period ending March 31.

They missed — by one car.

Statistics released by the auto industry Friday show that actual ship loadings came to only 1,679,999 cars.

Nissan, maker of the Datsun, it was reported, was the manufacturer that undershot its quota by one car.

"If the total had hit the limit right on the nose, somebody would accuse us of forming a cartel," Takashi Ishihara, Nissan president, told Japanese newsmen. Mr. Ishihara is also president of the Japan Automobile Manufacturers Association.

Despite the restrictions, imported cars increased their share of the slumping U.S. car market to 27.1 percent in calendar 1981 from 26.7 percent the previous year. And inflation meant the U.S. auto trade deficit with Japan grew in dollar terms, despite the reduction in shipments of cars. In the year ended Dec. 31, the value of Japanese car shipments to the United States rose 12 percent to $11.28 billion.

The Ministry of International Trade and Industry has announced that Japanese automobile makers will again be required to hold passenger car exports to the United States for the 12 months that began April 1 to 1,680,000 units.

American General Set to Pay $1 Billion in Stock for NLT

By Robert J. Cole
New York Times Service

NEW YORK — American General of Houston has offered to pay $1 billion in stock for the NLT Corp. of Nashville, an insurance company that owns Nashville's Grand Ole Opry.

The move, which is expected to be opposed vigorously, has already touched off an investigation by the American Stock Exchange in NLT stock options, which were traded heavily in advance of the announcement.

American General, a giant insurance company that often buys substantial blocks of stock as a stepping stone to takeovers, already owns 9 percent of the Nashville company. NLT filed antitrust charges against American General last year when it said it might seek to buy 25 percent.

The takeover offer, which came Friday and was understood to have taken NLT by surprise despite American General's earlier statements, is expected to take considerable time — largely because most of NLT's operations are heavily regulated at both state and federal levels.

Because NLT is a major insurer, insurance commissioners in three states — Tennessee, Texas and Iowa — must give American General approval before it can buy more than 9.9 percent of NLT, a position deemed to be a change in control of the company.

Texas and Iowa are waiting to see what Tennessee decides — Tennessee has twice rejected American General's original plan to buy stock in the open market as not in the best interests of stockholders. Its present plan is thought to be designed to overcome those objections.

NLT also owns a thrift institution, the State Savings and Loan Association of Salt Lake City, now up for sale, but American General would need authorization from the Federal Home Loan Bank Board to proceed.

As owner of WSM radio stations in Nashville, NLT is also subject to Federal Communications Commission regulation, and consequently American General would need FCC permission to take it over.

In yet another major hurdle, NLT last fall sued American General on antitrust grounds. The case goes to trial in Nashville next September.

CURRENCY RATES

Interbank exchange rates for April 16, 1982, excluding bank service charges.

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	D.K.
Amsterdam	2.692	4.726	110.94 *	42.63 *	0.202	—	5.872 *	135.83 *	32.70 *
Brussels (a)	45.845	80.555	18.899	7.263	3.4365 *	17.044	—	23.122	5.578
Frankfurt	2.423	4.261	—	38.425 *	1.819 x	90.135 *	5.291 *	122.43 *	29.56 *
London (b)	1.7608	—	4.2633	11.9625	2,348.85	4.7255	80.595	3.4763	14.4688
Milan	1,334.55	2,343.50	549.90	211.35	—	495.67	29.10	672.94	162.24
New York	—	1.7633	0.4136	0.1588	0.075 *	0.3725	0.0219	0.5076	0.1218
Paris	6.3135	11.085	260.12 *	—	4.73 x	234.40 *	13.77 *	318.52 *	76.74 *
Zurich	1.9812	3.4794	81.665 *	31.39 *	0.1485	73.59 *	4.3201 *	—	24.09 *
1 ECU	0.9868	0.562	2.3945	6.2283	1316.91	2.6565	45.2929	1.9551	8.1285
1 SDR	1.10850	0.63130	2.68978	6.99851	1479.29	2.9841	50.8469	2.1979	9.1318

Dollar Values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
1.0471	Australian $	0.955	0.0499	Israeli shekel	20.03	0.4645	Singapore $	2.153
0.0586	Austrian schilling	17.055	0.004	Japanese yen	248.075	1.0578	S. African rand	0.9454
0.0197	Belgian fin. franc	50.675	3.4783	Kuwaiti dinar	0.2875	0.0014	S. Korean won	723.50
0.8197	Canadian $	1.22	0.4234	Malay. ringgit	2.362	0.0094	Spanish peseta	106.78
0.1216	Danish krone	8.2263	0.1632	Norw. krone	6.126	0.1674	Swedish krona	5.9745
0.2153	Finnish mark	4.645	0.1187	Phil. peso	8.4246	0.0261	Taiwan $	38.32
0.0157	Greek drachma	63.50	0.0138	Port. escudo	72.462	0.0434	Thai baht	23.0415
0.1714	Hong Kong $	5.8335	0.2915	Saudi riyal	3.4308	0.2722	U.A.E. dirham	3.6733
1.4255	Irish £	0.7015						

£ Sterling: 1.2323 Irish £

(a) Commercial franc. (b) Amounts needed to buy one pound. (*) Units of 100. (x) Units of 1,000.

International Bond Prices — Week of April 15

Provided by White Weld Securities, London; a Division of Financiere Credit Suisse - First Boston

(Continued from Page 6)

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
dm 150	Austrian Control Bk	9	'87 May	99 1/2	9.12		9.05
dm 150	Austrian Control Bk	8 1/2	'88 Nov	97 1/2	9.01		8.72
dm 100	Austrian Control Bk	6 1/2	'88 Dec	87 1/4	9.09		7.45
dm 100	Austrian Control Bk	7 3/8	'89 Oct	90 1/4	9.21		8.17
dm 150	Austrian Control Bk	10 1/8	'91 Nov	104 1/2	9.40		9.69
dm 150	Austrian Control Bk	9 1/4	'92 Apr	100	9.24		9.25
dm 120	Austrian Control Bk	8 1/4	'92 Jul	94 1/2	9.08		8.73
dm 55	Austrian Electricity	7	'87 Feb	95	8.28	9.06	7.37
dm 60	Brenner Autobahn	6 3/4	'83 Aug	98 1/2	7.99	8.79	6.85
dm 120	Donaukraftwerke Ag	6	'84 Feb	96	8.44	9.33	6.25
dm 80	Donaukraftwerke Ag	6 3/4	'88 Mar	92 1/4	8.27	9.11	7.34
dm 100	Draukraftwerke Ag	8 3/4	'85 Mar	100	8.74	8.74	8.75
dm 100	Genossen Zentralbank	6	'87 Dec	89 3/4	8.31	9.39	6.69
dm 100	Girozentr Sparkassen	5 1/2	'82 Oct	98 1/2	8.87		5.58
dm 40	Girozentr Sparkassen	7 3/4	'83 Nov	98	8.65		7.40
dm 50	Girozentr Sparkassen	8 7/8	'87 Jun	96 3/4	9.69		9.17
dm 50	Girozentr Sparkassen	10 3/4	'91 Jul	106 1/2	9.66		10.09
dm 50	Kaerntner Elektr. Ag	6 3/4	'88 May	94 1/2	7.91	8.85	7.14
dm 100	Oester Laenderbank	5 1/2	'82 Dec	98 1/2	7.98		5.58
dm 50	Pyhrn Autobahn	6 1/4	'89 Sep	86 1/2	8.77	9.29	7.23
dm 70	Tauernautobahn Ag	5 1/2	'93 Apr	77 3/4	8.68	10.04	7.07
dm 50	Tauernautobahn Ag	9 7/8	'94 Mar	102 3/4	9.48		9.61
dm 45	Tauernkraftwerke	7	'82 Feb	99 1/4	7.98	7.98	7.05
dm 50	Tauernkraftwerke	6 1/2	'83 Sep	99 1/4	7.07	7.39	6.55
dm 100	Vienna City	8 1/4	'84 Aug	99 1/2	8.49	8.64	8.29
dm 100	Voest-Alpine	8 1/2	'85 Jun	99 1/2	8.68	8.83	8.54
dm 100	Voest-Alpine	8 1/2	'88 Oct	97 1/2	9.03	9.32	8.72
dm 100	Voest-Alpine	6 3/4	'89 Jun	88 1/2	8.96	9.01	7.63
	BELGIUM						
dm 100	Belgelectric Finance	10 1/2	'89 Jun	103 1/2	9.80		10.14
dm 100	Belgelectric Finance	11	'91 Oct	105 1/2	10.08		10.43
	CANADA						
dm 300	Canada	4 3/4	'83 May	95 3/4	8.90		4.96
dm 130	Brascan Intl B V	8 1/2	'88 Oct	99 1/2	8.60	8.66	8.54
dm 200	Hydro-Quebec	6 1/2	'87 Aug	90 1/4	8.83		7.20
dm 150	Hydro-Quebec	6 1/4	'87 Dec	88 1/2	8.89		7.06
dm 150	Hydro-Quebec	10 1/4	'91 Dec	107	9.14		9.58
dm 100	Manitoba Hydro-Elec.	6 3/4	'87 Jun	93 3/4	8.26	9.40	7.20
dm 100	Montreal	8 1/2	'86 Jul	98 1/2	8.93	9.08	8.63
dm 150	Montreal	7	'87 Jul	92 1/4	8.87	9.20	7.59
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
	HOLLAND						
dm 125	Akzo Nv	9	'90 May	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Estel Nv	8 1/2	'85 Jun	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Estel Nv	7 3/4	'88 Aug	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Nederland Gasunie	8	'84 Dec	[illegible]	[illegible]	[illegible]	[illegible]
dm 75	Philips Gloeilampen	9 3/4	'86 Dec	[illegible]	[illegible]	[illegible]	[illegible]
dm 160	Shell Intl. Finance	6 1/2	'87 Apr	[illegible]	[illegible]	[illegible]	[illegible]
dm 200	Shell Intl. Finance	6 3/4	'89 Feb	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Unilever Nv	8 1/2	'87 May	[illegible]	[illegible]	[illegible]	[illegible]
	ICELAND						
dm 25	Iceland	7 1/4	'84 May	[illegible]	[illegible]	[illegible]	[illegible]
dm 50	Iceland	7 3/4	'87 Apr	[illegible]	[illegible]	[illegible]	[illegible]
	INTERNAT INSTITUTIONS						
dm 60	Asian Develop Bank	7	'84 Sep	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Asian Develop Bank	7	'85 Apr	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Asian Develop Bank	5 1/2	'88 May	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Asian Develop Bank	7 1/4	'89 Aug	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Asian Develop Bank	10 3/4	'89 Oct	[illegible]	[illegible]	[illegible]	[illegible]
dm 200	Asian Develop Bank	10	'90 May	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Asian Develop Bank	8 3/8	'90 Nov	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Asian Develop Bank	10	'91 Apr	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Inter-American Dev Bk	6 3/4	'83 Jul	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Inter-American Dev Bk	7	'84 Aug	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Inter-American Dev Bk	8 1/2	'85 Sep	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Inter-American Dev Bk	7	'87 Jan	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Inter-American Dev Bk	6 3/4	'87 Jun	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Inter-American Dev Bk	6 3/4	'87 Nov	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	Inter-American Dev Bk	6 1/4	'88 Jan	[illegible]	[illegible]	[illegible]	[illegible]
dm 50	Inter-American Dev Bk	8	'89 Jul	[illegible]	[illegible]	[illegible]	[illegible]
dm 60	Nordic Investment Bk	6 1/4	'86 Jan	[illegible]	[illegible]	[illegible]	[illegible]
dm 250	World Bank	6 1/2	'82 Jul	[illegible]	[illegible]	[illegible]	[illegible]
dm 250	World Bank	8	'82 Dec	[illegible]	[illegible]	[illegible]	[illegible]
dm 200	World Bank	6 3/4	'83 Feb	[illegible]	[illegible]	[illegible]	[illegible]
dm 300	World Bank	7 1/2	'83 May	[illegible]	[illegible]	[illegible]	[illegible]
dm 250	World Bank	8 1/4	'83 Jul	[illegible]	[illegible]	[illegible]	[illegible]
dm 250	World Bank	7 3/4	'83 Oct	[illegible]	[illegible]	[illegible]	[illegible]
dm 150	World Bank	6 1/2	'84 Jan	[illegible]	[illegible]	[illegible]	[illegible]
dm 250	World Bank	8	'84 Feb	[illegible]	[illegible]	[illegible]	[illegible]
dm 200	World Bank	5 3/4	'84 Aug	[illegible]	[illegible]	[illegible]	[illegible]
dm 250	World Bank	5 1/2	'85 Apr	[illegible]	[illegible]	[illegible]	[illegible]
dm 100	World Bank	6 1/2	'85 May	[illegible]	[illegible]	[illegible]	[illegible]
dm 300	World Bank	6	'85 Sep	[illegible]	[illegible]	[illegible]	[illegible]
dm 150	World Bank	8	'86 Jan	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS

Amt	Security	Middle Price	Conv. Period	Conv.Pr o/Sh	Conv. Prem.	Curr. Yld.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Asahi Chemical Ind 6 1/4 % 1990 Sep	218	1 Apr 76 / 15 Sep 90	yen 140.20 - 114 2/7	2.48-	2.34
	Asahi Optical Co Ltd 7 % 1994 Mar	73	1 Nov 79 / 15 Mar 94	yen 457.50 - 510 5/8	1.91-	1.97
	Asics Corporation 5 3/4 % 1993 Jan	90	1 Sep 78 / 8 Jan 93	yen 491.80 - 542 3/8	1.72-	1.46
	Bridgestone Tire Co 5 1/2 % 1996 Dec	83 1/2	1 Mar 82 / 20 Dec 96	yen 470 - 495 3/4	3.28-	2.34
	Canon Inc 6 3/4 % 1994 Dec	95	31 Dec 79 / maturity	yen 570 - 650 4/9	4.20-	1.71
	Canon Inc 6 3/4 % 1995 Dec	76	5 Jan 81 / 27 Dec 95	yen 829 - 952 1/2	12.59	1.71
	Dai Nippon Ink Chem 6 % 1996 Mar	72	20 Aug 81 / 25 Mar 96	yen 282 - 304	2.72-	2.67
	Dai Nippon Printing 6 3/4 % 1986 May	525	1 May 77 / 30 Apr 86	yen 171.70 - 177 4/5	2.29-	1.40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$ 25	Tyco Intern 22.52 5 % 1984 Mar	82	1 Nov 69 / maturity	$ 30 3/4	116.90	6.02
$ 50	Union Carbide 17.86 4 3/4 % 1982 Jul	98	1 May 68 / maturity	$ 56	14.77	7.22
$ 20	Varco Intl Fin 32.79 8 1/2 % 1996 Mar	60	1 Mar 81 / maturity	$ 30 1/2	98.74	1.10
$ 40	Wang Laboratori 21.16 9 1/4 % 1996 May	87	15 May 81 / maturity	$ 47 1/4	35.33	.40
$ 40	Warner Lambert 20.80 4 1/2 % 1987 Apr	71	1 Apr 73 / maturity	$ 48	43.49	5.89
$ 30	Warner Lambert 16.26 4 1/4 % 1988 Apr	64	1 Apr 74 / maturity	$ 61 1/2	65.73	5.89
$ 20	Warner Lambert 34.48 4 1/2 % 1989 Aug	85	1 May 69 / maturity	$ 29	3.79	5.89
$ 75	Xerox Corp 6.76 5 % 1988 Dec	64	1 Jan 75 / maturity	$ 148	142.10	7.83
$ 20	Xidex Intl Fin 34.48 8 1/4 % 1995 Dec	100 1/2	15 Dec 80 / maturity	$ 29	3.17	

— HIGHEST CURRENT YIELDS —
On convertibles having a conversion premium of less than 10%.

Amt	Security	Middle Price	Conv. Period	Conv.Pr o/Sh	Conv. Prem.	Curr. Yld.
$ 35	Metropolitan Estate 8 1/4 % 1996 Jan	67	1 Feb 81 / 15 Dec 95	p 239 - p 330 2/5	2.22	3.14
$ 15	Ocil Intl Fin 40.82 9 % 1995 Nov	75	15 Nov 80 / maturity	$ 24 1/2	6.52	
$ 40	Nissho Iwai Corp 8 % 1996 Mar	58	17 Oct 80 / 22 Mar 96	yen 398 - 444 8/9	5.41	2.09
$ 20	Niigata Engineering 7 1/2 % 1996 Mar	65	15 Jan 81 / 25 Mar 96	yen 337 - 375 1/4	6.05	2.61
$ 20	Taylor Woodrow 8 3/4 % 1990 Dec	77	15 Jan 81 / 1 Nov 90	p 494 - p 670 3/5	1.45-	3.54
$ 25	Hanson Overs Fin 9 1/2 % 1996 Oct	90	1 Aug 81 / 7 Oct 96	p 136 - p 167 1/9	6.80-	6.25
$ 100	Ici Intl Fin 124.77 6 3/4 % 1997 Oct	68	1 May 78 / 1 Sep 97	p 460 - p 452 4/5	2.56-	5.28
$ 70	Tokyu Co 7 3/4 % 1995 Sep	79	1 Dec 80 / 22 Sep 95	yen 220 - 256 4/9	2.48-	2.16
$ 25	Lifemark Intl 31.41 9 1/4 % 1996 Apr	96	15 Apr 81 / maturity	$ 31 5/6	9.63	1.72
$ 30	Asahi Optical Co Ltd 7 % 1994 Mar	73	1 Nov 79 / 15 Mar 94	yen 457.50 510 5/8	1.91-	1.97
$ 30	Alco Standard 50.00 9 1/2 % 1994 Oct	101	15 Oct 79 / maturity	$ 20	2.93	5.50
$ 20	Nitto Electric Ind 6 % 1994 Sep	64	1 Jul 79 / 29 Sep 94	yen 735 826 5/9	1.73	1.44
$ 50	Daiwa Securities 5 1/2 % 1996 Sep	60	18 Dec 81 / 25 Sep 96	yen 511 551 7/8	5.66-	1.71
$ 30	Aga Ab 9 1/2 % 1996 Sep	106	2 Jan 82 / 15 Jun 96	skr 178 - skr 188 7/8	4.66-	2.69
$ 25	Jaccs Co Ltd 7 1/2 % 1995 Mar	85	1 Nov 80 / 21 Mar 95	yen 464 523 5/8	2.39-	1.43
$ 7	Carrier o/s 34.48 6 % 1989 Dec	68	31 Jul 70 / maturity	$ 29	5.53-	12.29
$ 20	Toyo Menka Kaisha 7 3/4 % 1996 Mar	88	1 Dec 80 / 21 Mar 96	yen 193 221	4.20-	2.44

— Explanation of Symbols —

CNS	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
£	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NMD	Norwegian Kroner - DM		

Mutual Funds

Closing Prices April 16, 1982

NEW YORK (AP)— The following quotations, supplied by the National Association of Securities Dealers, Inc. are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

	Bid	Ask
[illegible]	[illegible]	[illegible]
Neuberger Berm:		
Energy	15.87	NL
Guard	28.71	NL
Liberty	3.38	NL
Manht	3.95	NL
Partn	13.20	NL
Schus	14.39	NL
Newt Gt	17.72	NL
Newt Inc	7.72	NL
Nicholas	15.83	NL
NEInTr	9.88	NL
NEInGt	8.97	NL
NovaFd	12.31	NL
NY Vent	6.57	7.11
Nuveen	6.20	NL
Rainbow	3.04	NL
Revere	7.08	NL
Safeco Secur:		
StPaul Invest:		
Capit	9.64	10.26
Grwth	10.38	11.04
Specl	16.17	NL
Scudder Funds:		
Com St	11.40	NL
Devel	44.95	NL
DuoVst	11.15	NL
Incom	10.20	NL
Intl Fd	15.39	NL
MMB	6.50	NL
SinSel	9.99	NL
SmTx	6.26	NL
StratInv	5.16	5.64
Strat Gth	21.63	NL
SunGrth	9.61	10.50
Tax Mgd	14.43	15.77
TmpGlb	22.04	
Tmpl Gt	6.82	7.45
Tmpl W	16.35	17.87
Trns Cap	9.38	10.70
TrnsNew	7.75	NL
Trav Eq	10.51	11.49
Tudr Fd	11.83	NL
TwnC Gt	9.74	NL
TwnC Sel	13.22	NL
[illegible]	[illegible]	[illegible]

Consolidated Trading Of NYSE Listings

Week Ended April 16, 1982

	Sales	High	Low	Last	Chge
Schlitz	4,575,300	16⅝	15¼	16⅜	+1
IBM	3,837,300	64⅞	61¼	64½	+2¼
Exxon s	3,182,800	28⅝	28	28¼	—¼
ATT	2,172,600	55⅝	54⅝	55⅛	+⅛
Sears	1,960,400	19⅝	18⅞	19⅛	+¼
RCA	1,942,900	23⅛	22	22⅞	+⅜
Telex	1,825,600	9	7⅝	8⅞	+⅜
Citicrp	1,654,900	27⅞	26⅞	27⅜	+⅛
GnDyn	1,654,800	29⅝	24⅝	29⅜	+4⅜
AmAir	1,651,400	15½	13¾	14⅛	—1¼
AetnLf	1,649,500	47¾	42½	43¼	—½
SonyCo	1,620,600	13¾	12¾	13¼	—⅛
PogoPd	1,518,300	29½	26⅝	28	+¾
WrnCm	1,503,200	57⅞	54	57½	+3
Mobil s	1,497,100	22⅛	21½	21⅞	+⅛
Tandy s	1,423,700	33	31½	32⅞	+⅜
Texaco	1,417,500	30⅛	29¾	30⅛	+¼
GMot	1,325,100	42⅝	40⅛	41¼	—1⅛
NLT	1,312,700	29½	22¼	28⅛	+6¼
Heublin	1,308,300	41¾	39	41¼	+1⅜

Issues Trades in: 2118

Advances: 1139 ; declines: 749 ; unchanged: 230

New highs: 112 ; new lows: 56

Volume

This week	241,920,000 shares
Last Week	203,420,000 shares
1981 same week	207,200,000 shares
1982 to date	3,773,163,773 shares
1981 to date	3,563,360,000 shares
1980 to date	3,392,430,000 shares

American Exchange Options

For the Week Ending April 16, 1982

Option & price	Calls			Puts		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total volume 136,793

NL—No load (sales charge). r—Not traded. s—No option offered. o—Old.

Heavy Flow of New Eurobonds Takes Toll

(Continued from Page 13)

badly, losing 1¾ percent. Offered at par bearing a coupon of 14 percent, the seven-year notes ended the week at 97¾ to yield 14½ percent.

Getty Oil, another triple-A issuer, benefited from being launched a week before these other issues and was able to increase the size of its offering to $125 million from the planned $100 million. Its seven-year paper, sold at par bearing a coupon of 14 percent, ended the week at 99 for a yield of 14¼ percent.

Southern California Edison, which cut the size of its 30-year domestic U.S. offering by $75 million to $125 million, issued $75 million of seven-year Euronotes at par bearing a coupon of 15 percent. The Euroissue was increased from the $60 million initially announced and ended the week quoted at 99¼ for a yield of 15.18 percent. Bankers estimated the company saved half a percentage point by borrowing here — a reflection of the strong international demand for high-grade U.S. paper. Southern California Edison's domestic secured paper is rated double-A, making this unsecured issue the equivalent of a single-A.

By contrast, state guaranteed issues, despite the backing of a triple-A rated guarantor, were not able to command terms comparable to the Americans.

Eksport Finans, guaranteed by Norway, sold $50 million of seven-year notes at par bearing a coupon of 14½ percent. The notes, offered to institutional investors at a price of 99 for a yield of 14¾ percent, ended the week at 98⅞.

Ontario Hydro, guaranteed by Ontario, sold $150 million of seven-year paper bearing a coupon of 14¾ percent at a discount of 99¾ to yield 14.81. But the issue was quoted at week's end at 99.

Currently on offer is a $40-million, seven-year issue for Kansas Gas & Electric, whose domestic first-mortgage bonds are rated triple-B, the lowest level that is still considered to signify investment grade. The issue is secured by a pledge to issue first mortgage bonds, effectively keeping the same rating for the Euroissue. The notes bear a coupon of 15¾ percent and are priced at 99½ to yield 16.38 percent.

In contrast to the 14 percent coupon paid by the triple-A U.S. issuers, the World Bank, also rated triple-A, sold $100 million of seven-year paper at an anticipated 6⅝ percent. It can do this because both interest and principal are payable in terms of Swiss francs. The exact amount of francs will be set Monday, when the coupon and issue price will also be fixed. The franc value will only be a nominal expression as the World Bank's payouts will be in dollars. But if the franc appreciates, investors will get more dollars than the stated dollar equivalent at Monday's fixing. If the franc depreciates and is worth fewer dollars, the World Bank guarantees to repay not less than the dollar value set Monday.

Unlimited Gains

This gives investors unlimited gains in the event of a Swiss franc revaluation and a guaranteed floor in the event of a depreciation. The World Bank itself estimates that the franc would have to appreciate 70 percent from its prevailing level before the benefits of the lower coupon would be eroded by foreign exchange costs.

Bankers estimated that a third of the issue has been sold outside Switzerland. It is being sold free of the traditional Swiss stamp tax and will trade in terms of Swiss francs. The Swiss National Bank has given no indication whether it will approve other such transactions. For the time being, it is studying the market response to the World Bank issue.

In the floating rate sector, Banque Nationale de Paris is offering $250 million of seven-year notes. Interest will be set at ⅛ point over the London interbank offered rate. Each $10,000 note bears one warrant, good for one year, to buy a like amount of 14¼ percent fixed-rate paper due May, 1990, at par.

BNP, focusing on the $450 million of outstanding warrants to buy fixed dollar paper from French borrowers and fearing another $250 million might not find a ready audience, thought it needed to offer some sweetener and thus paid ⅛ point over Libor compared to the recent issue for the SNCF, which sold its six-year floater at Libor. BNP misjudged the market, however, and the notes were quoted on a when-issued basis of 100⅛.

Egypt's state-owned Banque Misr is actually issuing floating-rate certificates of deposit and not floating-rate notes as reported a week ago. The two-year facility is extendable at the option of the holders for another two years, in which case the redemption price will be 100⅛. Interest will be set at ⅜ point over Libor.

In the convertible market, Yamaichi International is launching a small $12.5 million issue for Asics Corp., one of Japan's largest sporting goods companies. This is the first Japanese convertible since January and is being marketed cautiously. The coupon of 7 percent is more realistic, bankers say, than the 5½ percent offered on previous Japanese convertibles. In addition, if investors are unhappy with the performance of the shares they can request redemption after three years at a premium 20 percent — a gain which would substantially increase the effective yield.

On the other hand, the managers believe that the downside risk on the currency is very limited. In addition, the Tokyo share price of 519 yen looks reasonable compared to last year's high of 576 yen. The high so far this year has been 549 yen and the low 490 yen.

In yen, Denmark is offering 15 million yen of 10-year bonds bearing a coupon of 8¾ percent and priced at par.

The Deutsche mark sector of the bond market began its six-week calendar of 1.6 billion DM worth of new issues with a bang.

Canada, making its first publicly listed DM issue, sold 200 million DM of seven-year paper at par bearing a coupon of 8½ percent — the lowest coupon seen in the past 18 months. At 98¼, less the underwriting commission and selling concession, the paper yields 8.85 percent. At 99½, where Deutsche Bank, the sole manager, is holding the price, the paper yields 8.6 percent.

Beneficial Offering

Also on offer are 100 million DM of seven-year bonds for Beneficial Overseas Finance bearing a coupon of 9½ percent and a 100 million DM, 10-year issue for Renfe, the Spanish state railway, bearing a coupon of 10 percent.

The recent 10½ percent issue for Telefonica, the Spanish telephone utility, is trading at 100½ to yield 10.42 percent.

In the Canadian dollar sector, Hudson's Bay Co. is offering 40 million dollars of seven-year notes bearing an indicated coupon of 17 percent. Bankers report that high-coupon Canadian dollar issues appeal to investors in the Benelux countries, but the bankers said they themselves are unhappy with the illiquid state of this sector of the market.

Hudson's Bay, considered a weak single-A credit, is estimated to be saving about half a percentage point over prevailing domestic Canadian rates by borrowing here.

In the guilder market, Amsterdam-Rotterdam Bank sold 150 million guilders of five-year notes at par bearing a coupon of 10 percent.

Eurobond Yields*
Week Ended April 14

Int'l inst. lg. term US$	14.94 %
Ind. long term, US$	15.03 %
Ind. medium term, US$	15.98 %
Can.$ medium term	16.23 %
French fr. medium term	17.58 %
Int'l inst. lg term yen	8.17 %
ECU medium term	13.67 %
EUA long term	12.20 %
Int'l inst. lg term LF	10.76 %
FL long term	10.98 %

* Calculated by the Luxembourg Stock Exchange

Market Turnover
Week Ended April 16
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	4,269.9	3,429.0	840.9
Euroclear	5,967.6	5,473.8	493.8

Credit to Argentine Utility Delayed by Lead Managers

(Continued from Page 13)

for the final six years — the first ⅜ point element ever for South Korea. But bankers insisted that to focus on the low margin was to miss the point.

Only $300 million of the loan is tied to Libor. The remaining $200 million will be priced over the prime rate — the first time Korea has agreed to using the prime rate. And this, bankers said, will raise the cost of the loan. They reported that overall Korea will be paying "marginally more" for this loan than on the recently completed deal for Korean Export-Import Bank, which paid half a point over Libor for eight years.

Interest on the prime-based portion is set at 0.2 points over the prime for the first four years and 0.25 point over in the final four years. KEB has the option to use an alternate base — the rate on 90-day certificates of deposit (adjusted for reserve requirements) — if the prime rate is 1¼ percentage points or more greater than the adjusted CD rate. KEB will then pay 1¼ points over the CD rate. This is the case currently and, by way of comparison, KEB's interest payments would run around 16¼ percent on the prime portion and 15⅞ percent on the Libor part.

"The prime pricing is sufficiently attractive to overcome the natural aversion of lenders to the ⅜ percent pricing on Libor," one banker commented.

Banks will be offered the prime-based loan on a pro rata basis to the amount of Libor-based portion.

As a comparison, the terms on the just completed loan for Denmark set a margin of 0.15-0.25 points over the prime rate and the so-called "cap" on its exposure to an inordinately high prime rate was set at 1.1 percentage points.

The long awaited $600-million loan for Santos of Australia to finance development of the Cooper Basin oil and gas fields has finally reached the market. Interest will be set at 1¼ points over Libor until interim completion of the project, expected in July, 1983, and 1⅛ point over Libor until completion, expected the following year. From then until 1991, interest falls to ⅞ point over Libor.

Santos has the option to borrow some of this in Australian dollars — up to 45 million dollars through a term loan and up to 55 million dollars in the form of a bill facility.

Banque Arabe et Internationale d'Investissement is putting together a $50-million, 10-year loan for FGB Holding Co. of Virginia. The loan will be a refinancing of the bridge loan BAII provided to Mideast investors who purchased Financial General Bancshares, a holding company which owns 11 banks in five states, for a total of $230 million. The loan will be collateralized by not less than 90 percent of the shares of Financial General, which last year earned $20 million in profit.

Interest on the loan will be set at 1½ points over Libor. This is a net payment, there will be no fees or commissions.

In Europe, bankers reported differences over marketing strategy between the lead managers and the borrower is delaying the syndication of the $300-million loan for Portugal. Another managers meeting is scheduled to be held this week to iron out differences.

RCA Strives To Capture Lost Chances

(Continued from Page 13)

cle" to "look at the opportunities we've missed."

What RCA has going for it as it struggles for rejuvenation is a strong satellite business, a toehold in the growing (though not as fast as RCA expected) videodisc business, a large staff of about 6,200 scientists and engineers, and an existing television network.

Heavily Leveraged

"Terrific," he exclaimed when asked how he would categorize NBC's potential. "We've got more potential than anybody else," he said with a laugh. The network has only to move into a position of evenly sharing the television market with ABC and CBS to raise its profitablity by $175 million, Mr. Bradshaw said.

Going against Mr. Bradshaw's grand design, however, are RCA's heavily leveraged financial portfolio, deep debts at a time of continuing high interest rates, NBC's cellar-dwelling status and a seemingly endless stream of bad news. "The company is overexpanded as it is overdiversified," he said.

He has formulated the long-term RCA plan with its emphasis on technology. As a result, he has put the company's Hertz Corp. subsidiary on the block, and RCA is "negotiating seriously with several buyers," including Firestone Tire & Rubber, for the sale. That move would rid the company of $1.4 billion in debt and provide potentially as much as $800 million in cash.

An effort to sell the profitable CIT Financial Corp. has been abandoned. "It would have to be sold for over a billion dollars, and that's a lot of money in today's market," he said.

RCA has sold Banquet Foods, which sells frozen chicken and other food products.

Further, Mr. Bradshaw has been forced to order a sharp slash in the price of the RCA videodisc equipment, down from $500 a unit to $300 per player. On the other hand, the discs themselves "are going like gangbusters," he said. "Perhaps we learned a lesson that this is a software-driven business," he said.

Mr. Bradshaw is trimming fat at RCA, he said, noting a cut of 90 people from a staff of about 700 at the management level.

Will Mr. Bradshaw have time to carry out his program? "The situation is precarious only in that I suppose people will raise the question of whether we will have the time or whether somebody is going to come in and attempt some form of takeover," he said. "We don't want to be interrupted. Like President Reagan, we want the time, but like Reagan, we may not get it. I think we will.

"This full year will be considerably better than last. We've cleaned all the discrete messes we could get our hands on."

London Set for a Future in Gold

By Paul Iredale
Reuters

LONDON — Trading in the increasingly popular field of gold futures was to begin in London Monday — at a time when the metal's price has received a boost from a rise in international tensions.

London, the pre-eminent pricing center for the world gold trade through its twice-daily fixings by bullion houses, has been slow to move into futures in the metal.

Gold futures markets in New York and Chicago have been highly successful, and the new market in London will fill the time gap between these and trading centers in the Far East.

The market will give traders the chance to hedge against sharp price changes by buying contracts months ahead or to speculate on changes by buying and selling contracts.

The price of gold has risen by about $50 an ounce since its two-year low of $311.50 an ounce in mid-March, pulled up by the Falklands crisis and tension in the Middle East before Israel's scheduled withdrawal from Sinai this month.

Futures trading is normally more active when prices are rising, and dealers hope for early profits when the market opens in Plantation House, a commodity trading center in the financial heart of London.

But the success of the market will depend on interest in gold. Dealers said that despite the short-term improvement in the price recently, a lessening of tension in the Middle East and a solution to the Falklands problem could cause the price of gold to plummet.

They said it is unlikely that there will be any long-term improvement in the gold price until the world economy recovers and Western interest rates drop.

The London Gold Futures Market has 38 floor members, drawn from the major bullion houses and from the London Metal Exchange.

Trade will be in contracts of 100 ounces as in the U.S. gold futures markets, but deals will be made in sterling, a controversial decision that has been criticized both in London and internationally.

Over-the-Counter

NEW YORK (AP)-Weekly Over the Counter stocks giving the high, low and last bid prices for the week with the net change from the previous week's last bid prices. All quotations supplied by the National Association of Securities Dealers, Inc. are not actual transactions but are representative interdealer prices at which these securities could have been sold. Prices do not include retail markup, markdown or commission.

Sales supplied by NASD

Chicago Exchange Options

For the Week Ending April 16, 1982

(Continued on Page 17)

(Continued from Page 16)

Over-the-Counter

Rangers Spoil Home Opener for Brewers, 4-1

From Agency Dispatches

MILWAUKEE — Pinch hitter Bill Stein drove in the tie-breaking run with a double in the 10th inning and the Texas Rangers added two more runs to beat Milwaukee, 4-1, Friday, spoiling the Brewers' home opener.

Mike Richardt began the winning rally with an in infield single off Brewer relief ace Rollie Fingers (1-2). Mike Wagner followed with a single, before Stein, batting for Doug Flynn, broke a 1-1 tie with his double. Lee Mazzilli in another run and leon Roberts' long sacrifice fly accounted for the third.

Ranger starter Dave Schmidt retired the first nine hitters before Paul Molitor poked a ground-single to lead off the fourth. Molitor eventually came around to score on a groundout by Cecil Cooper. The Rangers tied the game in the fifth on Wagner's RBI single.

Stein is one of the few remaining pinch-hitting specialists in the American's League designated-hitter. "In that situation, I've just got to get the bat on the ball and hit it somewhere in the air," said Stein, who in one stretch last year had seven pinch-hits in a row and was 9-for-20 overall in 1981.

Said Fingers, the American League's 1981 most valuable player and Cy Young Award winner: "My arm felt fine. It was one of those days when I just had nothing."

FRIDAY BASEBALL

Blue Jays 2, Red Sox 0

In Boston, Jesse Barfield tripled in his first two two runs of the season and Luis Leal (2-0) scattered seven hits through eight innings to lead Toronto past the Red Sox, 2-0. In the fourth, Barfield followed back-to-back singles by Hosken Powell and Ernie Whitt with his drive to the center-field warning track.

Royals 3, Indians 1

In Cleveland, U.L. Washington tripled home Lee May with the go-ahead run in the seventh and Vida Blue and Dan Quisenberry combined on a four-hitter to pace Kansas City past the Indians, 3-1.

Yankees 10, Tigers 2

In Detroit, Lou Piniella drove in three runs with a pair of doubles in the first two innings and Ron Guidry pitched his first complete game in two seasons to help New York defeat the Tigers, 10-2. The Yankees teed off on Pat Underwood (0-1), piling up a 7-0 lead after two innings. Guidry (1-0) had not pitched a complete game since July 23, 1980.

Angels 4, Twins 2

In Anaheim, Calif. Doug DeCinces hit a two-run homer with two out in the 10th to lift California past Minnesota, 4-2.

Mariners 5, A's 0

In Seattle, Al Cowens hit a three-run homer to back the seven-hit pitching of Floyd Bannister as the Mariners romped past Oakland, 5-0, before a home-opener crowd of 23,856. Cowens' two-out shot in the fourth off Mike Norris (0-2) capped a four-run outburst that helped Seattle snap a three-game losing streak.

Braves 5, Astros 3

In the National League, in Houston, Brett Butler's two-run single highlighted a five-run sixth that carried Atlanta to a 5-3 victory over the Astros, extending the Braves' unbeaten string to nine games. Atlanta starter Rick Maler lost his string of 26 consecutive shutout innings in the fourth when Tony Scott and Jose Cruz hit consecutive singles and scored on Alan Ashby's double.

Pirates 7, Cubs 6

In Pittsburgh, Omar Moreno singled home Tony Pena from third with one out in the 12th to give the Pirates a home-opening 7-6 decision over Chicago. Enrique Romo picked up the victory with two perfect innings of relief.

Expos 4, Mets 3

In New York, Al Oliver led off the ninth with his second home run of the season to give Montreal a 4-3 triumph over the Mets. Oliver.

Cardinals 3, Phillies 2

In St. Louis, Bob Forsch pitched a six-hitter through seven innings and had two hits in leading the Cardinals past Philadelphia, 3-2.

Padres 8, Dodgers 3

In San Diego, Sixto Lezcano's sixth-inning double scored Ruppert Jones from first with eventual the winning run and Luis Salazar had two RBIs as the Padres breezed past Los Angeles, 8-3.

Giants 6, Reds 1

In San Francisco, Rich Gale (1-0) pitched a three-hitter and Milt May hit his first homer of the season to propel the Giants over Cincinnati, 6-1.

'Wood' to Air Forbes Won

United Press International

NEW YORK — Air Forbes Won overtook pace-setting Shimatoree in the final strides Saturday to win the 1⅛-mile Wood Memorial for three-year-olds Saturday at Aqueduct. The victory by a neck sends Air Forbes Won to the May 1st Kentucky Derby with four victories in four races, all this year. Ridden by Angel Cordero, Air Forbes Won covered the distance in 1:51, well off the record of 1:47.2 set by his sire, Bold Forbes, in 1976.

Friday and Saturday Major League Line Scores

Saturday's Results

NATIONAL LEAGUE

Atlanta	200 000 000—2	8	1
Houston	000 010 000—1	4	1

Walk, McWilliams (5), Hanna (5), Garber (7) and Benedict; J.Niekro, D.Smith (7), Sambito (9) and Ashby. W—Hanna, 1-0. L—J.Niekro, 1-1.

Montreal	000 100 000—1	9	4
New York	100 000 10x—2	9	2

Toronto	300 000 100—4	12	0
Boston	500 000 00x—5	11	0

Bomback, D.Murray (7) and Martinez; Tudor, Clear (7) and Allenson. W—Tudor, 2-0. L—Bomback, 0-2. HR—Boston, Hoffman (1).

Texas	010 002 002—5	11	0
Milwaukee	001 100 001—3	7	2

Tanana, Comer (6) and Sundberg; McClure, Bernard (6) and Simmons. W—Tanana, 1-1. L—

M.Moore, 0-2. HRs—Oakland, Murphy (2), Spencer (2), Lopes (2). Seattle, Maler (3).

Minnesota	000 001 010—2	10	0
California	120 101 01x—6	12	0

Felton, B.Castillo (6) and Wynegar; Forsch and Boone. W—Forsch, 1-1. L— Felton, 0-1. HRs—Minnesota, Eisenreich (2). California, (Downing 2 (4).

New York	000 003 000—3	10	1
Detroit	131 000 00x—5	8	0

John, Frazier (4) and Foote; Morris, Saucier (8) and Wockenfuss. W—Morris, 2-1. L—John, 0-2. HR—New York, Murcer (1). Detroit, Cabell (2).

Friday's Results

NBA Standings

EASTERN CONFERENCE

Atlantic Division

	W	L	Pct.	GB
x-Boston	62	19	.765	—
y-Philadelphia	57	24	.704	5
y-New Jersey	44	38	.537	18½
y-Washington	42	39	.519	20
New York	33	48	.407	29

Central Division

	W	L	Pct.	GB
x-Milwaukee	55	26	.679	—
y-Atlanta	42	39	.519	13
Detroit	38	43	.469	17
Indiana	35	46	.432	20
Chicago	33	48	.407	22
Cleveland	15	66	.185	40

WESTERN CONFERENCE

Midwest Division

	W	L	Pct.	GB
x-San Antonio	48	33	.593	—
y-Houston	46	35	.568	2
y-Denver	46	36	.561	2½
Kansas City	29	52	.358	19
Dallas	28	54	.341	20½
Utah	24	57	.296	24

Pacific Division

	W	L	Pct.	GB
x-Los Angeles	56	25	.691	—
y-Seattle	52	29	.642	4
y-Phoenix	46	35	.568	10
Golden State	45	37	.549	11½
Portland	41	40	.506	15
San Diego	17	65	.207	39½

(x-clinched division title.)
(y-clinched playoff spots.)

Saturday's Results

Denver 130, Dallas 124 (English, Issel 32, Thompson 18; Vincent 26, Aguirre 21).

New Jersey 147, Detroit 132 (R. Williams 52, B. Williams, King 22; Thomas 24, Long 23).

Seattle 95, Golden State 94 (Sikma 28, G. Williams 24; Free 19, King 18).

Friday's Results

Atlanta 109, Indiana 91 (E. Johnson 22, Drew 20; Knight 26, Davis 19).

Philadelphia 100, Washington 96 (Erving 22, Dawkins 18; Ruland 22, Haywood 20).

Phoenix 113, Portland 99 (Adams 32, Macy 19; Thompson 25, Gross 13).

New Jersey 113, Boston 96 (B. Williams 27, R. Williams 19; Parish 21, Robey 15).

Los Angeles 125, Golden State 109 (Abdul-Jabbar 26, Nixon 19; King 21, Romar 17).

San Antonio 118, Dallas 106 (Gervin 35, Olberding 25; Aguirre 24, Cooper 18).

Kansas City 123, Denver 121 (S. Johnson 21, E. Johnson 19; English 25, Issel 24).

Chicago 112, Cleveland 102 (Gilmore 28, Theus 20; Brewer 31, Wedman 23).

Milwaukee 112, New York 99 (Mq. Johnson, Moncrief 24, Ml. Johnson 20; Cartwright 19, Richardson 16).

Houston 107, Utah 100 (Malone 34, Hayes 19; Dantley 35, Griffith 21).

Major League Standings

NATIONAL LEAGUE

Eastern Division

	W	L	Pct.	GB
St. Louis	8	3	.727	—
New York	6	4	.600	1½
Montreal	4	3	.571	2
Pittsburgh	3	4	.429	3
Chicago	4	7	.364	4
Philadelphia	2	7	.222	5

Western Division

	W	L	Pct.	GB
Atlanta	10	0	1.000	—
San Diego	5	4	.556	4½
San Francisco	4	5	.444	5½
Los Angeles	4	6	.400	6
Houston	4	7	.364	6½
Cincinnati	3	7	.300	7

AMERICAN LEAGUE

Eastern Division

	W	L	Pct.	GB
Detroit	4	5	.444	—
Toronto	4	5	.444	—
Cleveland	3	4	.429	—
New York	3	4	.429	—
Milwaukee	3	5	.375	½
Boston	3	5	.375	½
Baltimore	2	6	.250	1½

Western Division

	W	L	Pct.	GB
Chicago	7	0	1.000	—
Kansas City	6	2	.750	1½
California	8	3	.727	1
Texas	4	3	.571	3
Oakland	6	5	.545	3
Minnesota	5	6	.455	4
Seattle	3	8	.273	6

Saad Muhammad Wins Shot To Regain Crown

The Associated Press

ATLANTIC CITY, N.J. — Matthew Saad Muhammad earned a chance to regain the World Boxing Council light heavyweight crown by stopping Pete McIntyre at 2:28 of the second round here Saturday.

Saad Muhammad staggered McIntyre with a powerful left hook early in the round; a right and left to the jaw floored McIntyre, and referee Tony Perez had seen enough. Saad Muhammad lost his ninth title defense to Dwight Braxton four months ago; he will get a summer rematch if Braxton gets past Lotte Mwale May 22.

More Sports On Page 19

U.S. Bat Makers Shut Out In Bid for Japanese Market

By Jane Seaberry
Washington Post Service

WASHINGTON — It may be a brand new baseball season, but U.S. bat manufacturers continue to strike out in Japan, where they are effectively prohibited from getting a handle on the Japanese baseball-bat market.

After slugging away for a number of years, U.S. bat makers are calling foul play on the Japanese for refusing to certify foreign baseball equipment.

The issue has been discussed by the Reagan administration and the Japanese government for several months. When the Japanese government announced this year that it was taking steps to open its markets to foreign goods, the Japanese Ministry of Education issued guidance to all of the private sports associations to approve foreign products, according to the U.S. Trade Representative's office.

But the U.S. sporting goods manufacturers said they have yet to make it to first base: Not a single sale. The Japanese are balking and using delaying tactics such as sending certification papers to the U.S. firms written in Japanese and demanding clarification on applications, according to Maryanne Mascolino-Esser of the Sporting Goods Manufacturers Association.

The Japanese leagues have not yet said officially that they will accept the U.S.-made bats, she said.

At stake is the $30 million Japanese baseball bat market, which consists mostly of aluminum bats. In addition to its big leagues, Japan has 1.2 million amateur players on 61,551 teams, Mrs. Mascolino-Esser said.

The bat makers also want to build up their trade names in Japan with succeeding generations of Japanese baseball fans.

Several years ago, American bat manufacturers such as Hillerich & Bradsby Co. Inc., which produces the Louisville Slugger and which has annual sales of $38 million, started making the lightweight bats, which retail from $18 to $40, Mrs. Mascolino-Esser said. About six months later, the Japanese began manufacturing their own aluminum bats.

Spectator Hurt

A Japanese Embassy spokesman said the certification process was started after a spectator at one of the games was injured by a metal bat that broke during play. Mrs. Mascolino-Esser said that bat was Japanese-made.

The embassy spokesman said he did not know what kind of bat it was.

The spokesman said the situation was not under government control because all sports leagues are privately operated.

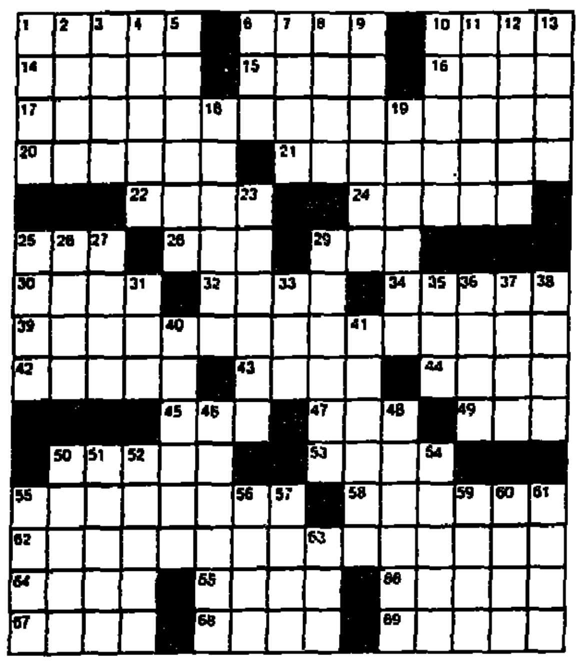
Donald Abelson of the U.S. Trade Representative's office said he thought that U.S. bat makers would be able to play ball in Japan "very soon."

Consolidated Trading Of AMEX Listings

Treasury Bills

Kredietlux Indices

CROSSWORD — Edited by Eugene T. Maleska



ACROSS

1 Swinelike animal
6 Dunderhead
10 Actor Summerville: 1892-1946
14 Addis ——
15 Engage
16 Land of Hyde's presidency
17 Endangered bird
20 Property or possessions
21 Kind of stand
22 Produced
24 Mathis song hit
25 Wool cluster
28 State exec.
29 Jonson or Vereen
30 E. Indies palm
32 Broad
34 Two under par
39 Endangered bird
42 Plow sole
43 Fuel
44 Supports
45 Scottish explorer
47 Soften flax
49 Belfry dweller
50 Residue
53 Heroic tale
55 Suitable
58 Least ruddy
62 Endangered simian
64 "—— La Douce"
65 "—— creature was stirring . . ."
66 Moslem prince
67 British weapon
68 Apt rhyme for wooed
69 Origins

DOWN

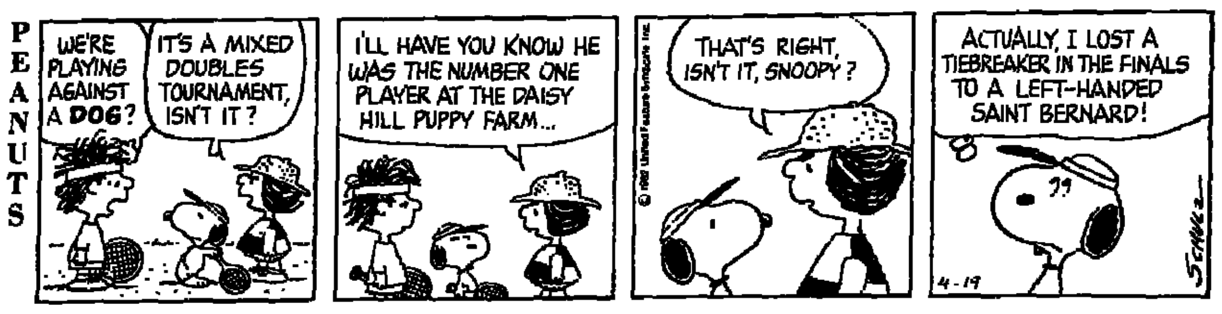
1 Finish line
2 Burrows and Vigoda
3 Hairdo dividing line
4 Construction member
5 Rabble
6 Greek letter
7 Edible fish
8 Mountain: Comb. form
9 Slander
10 Is a winner, as a book
11 Lawful
12 O. Henry's pet device
13 "Handwriting . . ." word
18 Bohemian dance
19 Straightener
23 Make manifest
25 Seizes
26 And others: Lat. abbr.
27 S.A. rodent
29 Show caution
31 Coveted deg.
33 Br. decoration
35 Arabian cloak
36 Fluent
37 Helen of Troy's mother
38 Formerly, formerly
40 Simplest
41 Syrian city
46 Orientals, e.g.
48 Diadems
50 Toward the left side of a ship
51 Froth
52 Province in eastern China
54 Region, to a rhymester
55 French friends
56 Mississippi Indian
57 Grafted, in heraldry
59 Virginia's Rob't
60 Coaster
61 Sea dogs
63 Traipse

WEATHER

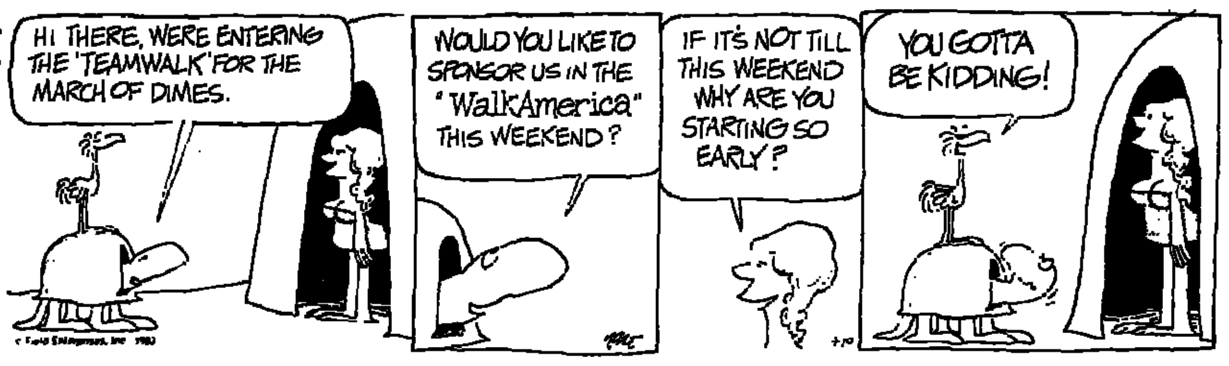
	HIGH C	HIGH F	LOW C	LOW F			HIGH C	HIGH F	LOW C	LOW F	
ALGARVE	16	61	12	54	Fair	MADRID	10	50	9	48	Rain
ALGIERS	19	66	13	55	Overcast	MANILA	33	91	23	73	Foggy
AMSTERDAM	12	54	5	41	Overcast	MEXICO CITY	31	88	14	57	Fair
ANKARA	12	54	6	43	Overcast	MIAMI	29	84	24	75	Cloudy
ATHENS	20	68	13	55	Fair	MILAN	19	66	8	46	Foggy
AUCKLAND	19	66	8	46	Showers	MONTREAL	20	68	10	50	Rain
BANGKOK	33	91	26	79	Foggy	MOSCOW	5	41	1	34	Overcast
BEIRUT	25	77	19	66	Cloudy	MUNICH	10	50	0	32	Cloudy
BELGRADE	14	57	6	43	Cloudy	NAIROBI	27	81	15	59	Fair
BERLIN	19	66	2	36	Showers	NASSAU	30	86	18	64	Cloudy
BOSTON	20	68	10	50	Fair	NEW DELHI	30	86	20	68	Fair
BRUSSELS	10	52	4	39	Cloudy	NEW YORK	16	61	10	50	Fair
BUCHAREST	15	59	7	45	Showers	NICE	17	63	10	50	Fair
BUDAPEST	13	55	5	41	Cloudy	OSLO	13	55	5	41	Cloudy
BUENOS AIRES	20	68	7	45	Cloudy	PARIS	15	59	3	37	Overcast
CAIRO	28	82	20	68	Cloudy	PEKING	23	73	10	50	Fair
CAPE TOWN	16	61	10	50	Showers	PRAGUE	7	45	-1	30	Showers
CASABLANCA	19	66	10	50	Overcast	REYKJAVIK	8	46	6	43	Overcast
CHICAGO	17	63	2	36	Fair	RIO DE JANEIRO	27	81	17	63	Cloudy
COPENHAGEN	12	54	5	41	Cloudy	ROME	17	63	6	43	Fair
COSTA DEL SOL	16	61	11	52	Rain	SALISBURY	26	79	15	59	Stormy
DAMASCUS	30	86	18	64	Fair	SAO PAULO	19	66	13	55	Overcast
DUBLIN	12	54	4	39	Foggy	SEOUL	16	61	4	39	Fair
EDINBURGH	14	57	0	32	Fair	SHANGHAI	15	59	9	48	Fair
FLORENCE	17	63	9	48	Foggy	SINGAPORE	29	84	21	70	Cloudy
FRANKFURT	11	52	1	34	Cloudy	STOCKHOLM	9	48	4	39	Fair
GENEVA	16	61	2	36	Fair	SYDNEY	27	81	15	59	Fair
HELSINKI	4	39	1	34	Overcast	TAIPEI	23	73	16	61	Fair
HONG KONG	27	81	21	70	Cloudy	TEL AVIV	28	82	16	61	Fair
HOUSTON	24	75	13	55	Cloudy	TOKYO	18	64	8	46	Fair
ISTANBUL	13	55	7	45	Fair	TUNIS	20	68	10	50	Showers
JERUSALEM	20	68	14	57	Cloudy	VENICE	15	59	8	46	Foggy
LAS PALMAS	20	68	14	57	Fair	VIENNA	10	50	3	37	Stormy
LIMA	24	75	15	59	Fair	WARSAW	6	43	0	32	Showers
LISBON	14	57	9	48	Cloudy	WASHINGTON	21	70	7	45	Fair
LONDON	13	55	4	39	Cloudy	ZURICH	16	61	1	34	Fair
LOS ANGELES	22	72	11	52	Fair						

Readings from the previous 24 hours.

PEANUTS



B.C.



BLONDIE

BEETLE BAILEY

ANDY CAPP

WIZARD of ID

REX MORGAN

DOONESBURY

JUMBLE® THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

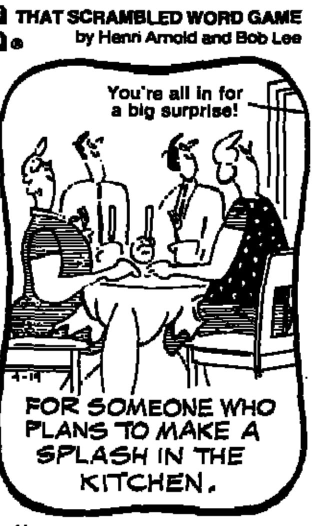
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

URFOL

RAALT

PELPIN

CINNEA



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Saturday's Jumbles: AFIRE KNACK MAGNET IMPEDE
Answer: What kind of a look might you get from a sharp-sighted person?—A PIERCING ONE

DENNIS THE MENACE

"OF COURSE NOT, DENNIS! NOBODY I KNOW IS HAVING EASTER BUNNY STEW TONIGHT!"

Imprimé par P.I.O. - 1, Boulevard Ney 75018 Paris

هكذا من الأصل

BOOKS

FLIGHT OF THE FALCON

By Wilbur Smith. 545 pp. $15.95.
Doubleday & Co., Garden City, New York 11530.

Reviewed by James Idema

THIS sprawling adventure novel is set in the time when Victoria's plunderers, seeking gold, ivory and other treasure, carried the Union Jack into the interior of the Dark Continent. En route they crossed paths with American and Arab slavers who were plying their trade along the coast. Rich in the lore of that period and place, and instructive on the mores and attitudes that prevailed, the book is also great fun to read. The English are, one of them proclaims, "the greatest and most civilized people in the world's history" and not to be compared with "these bloodthirsty savages." Nor is there much good to be said for the American opportunists who are hastening to make their fortunes before Abraham Lincoln can take office and spoil their iniquitous game. But it's hardly an antislavery tract; there is villainy on the English side as well, and enough bloodiness to go around.

Rollicking Entertainment

What it is is rollicking entertainment, and if you approach the book too critically you may find that "Flight of the Falcon" will require a little adjustment before you get your sea legs. Let the first sentence be a tip-off: "Africa crouched low on the horizon, like a lion in ambush." A nice enough picture, but nicer had the editor deleted "low." Redundancies abound, but you get used to them, realizing that they supply rhythm and tone, if not necessarily meaning and precision, to the grandiloquent style of Wilbur Smith. And quite frequently, after weathering torrents of adjectives and adverbs, you will break out into redeeming passages that are poetic and precise. This, for example, describing an exotic phenomenon at the mouth of the Zambezi River:

"The muddy smell of the swamps carries far from the land when the wind is right, and the same wind carries strange insects with it. There is a tiny spider no bigger than the head of a wax vesta which lives in the papyrus banks of the delta. It spins a gossamer web on which it launches itself into the breeze in such numbers that gossamer fills the sky in clouds, like the smoke from a raging brush fire, rising many hundreds of feet and eddying and swirling in misty columns that are touched by the sunset into lovely shades of pink and mauve."

His action scenes, however, are where the author's style comes into its own — the charge of a wounded lion, the killing of an aged elephant, a fire at sea, a battle in the jungle, a knife fight between redoubtable adversaries, a furious tropical storm. Just about the time you feel you have absorbed one metaphor too many, you realize that this is what a tropical storm — a wild exaggeration of nature — must be like: rain coming in "cutting horizontal sheets like the blade of a harvester's knife," and dawn finding the survivors "still huddled from the streams of falling rain, under the swollen bruised sky that pressed down on them like the belly of a pregnant sow."

This book is quite impossible to dislike, as is most of its dauntless cast. The author runs into some credibility problems rendering the character of his heroine, however. Robyn Ballantyne is a young English physician who is returning to Africa, the land of her birth, to search for her long-lost missionary father and to bring God's word to the heathen tribes along the way. While her brother, Zouga, who accompanies her (although his goals are wealth and fame), and the others behave according to the traits ascribed to them, Robyn must wrestle with an overdose of conflicting obsessions. The most troublesome — for both her and the reader — are Christian devoutness and profane lust. She is given to flinging herself into prayer, but she's a pushover for male beauty. Oh well.

Impossible to Dislike

If, accustomed to contemporary, existential-type heroes, you find yourself shaking your head over the derring-do of Mungo St. John, Zouga Ballantyne and the brash, blue-eyed Christian warrior Clinton Codrington, you probably will be cheering them on by the next page or so. And if, partial to leaner literary fare, you occasionally cluck over the brawny prose that swells the story to more than 500 pages, relax and enjoy. You've entered the kingdom of popular fiction and are best advised to suspend disbelief at the gate.

"Flight of the Falcon" is Wilbur Smith's 15th novel. Most of the others are also set in Africa, where he has lived and worked all his life. He is currently a resident of Constantia, South Africa. An obvious master of the popular genre, he brings authority and historical accuracy to his scenes as he delivers a fast-moving and enjoyable book.

James Idema is a free-lance writer in Chicago. He wrote this review for The Washington Post.

Solution to Friday's Puzzle

```
 PAID TRAMPLE
VILLA HERESIES
TINGLY ELIGIBLE
ERNIE VEERS EPI
READ COMTE ARON
ROC SHIPS PRATE
SEAMILE SEALS
FEDERATED
EDILE ONEROSE
INERT PRIES ALL
DIME MAJOR GLUE
ESE SALON MALTA
ALSATIAN BABIED
LENIENCE OGLED
SETTEES PIED
```

BRIDGE — *By Alan Truscott*

THREE spades was a popular contract for North-South on the diagramed deal and the declarers were generally unsuccessful. Very few realized that they could have brought home nine tricks.

A typical auction is shown, with West making two takeout doubles. East and West would fail by two tricks in three clubs, for a loss of 200 points, but it was natural for South to continue to three spades. One West player earned himself a top score by the cunning lead of the spade five, inducing South to finesse in diamonds and then spades for down two. But most West players led the club ace followed by the jack, which was allowed to win.

South ruffed the third round of clubs and led a heart to the queen. In the light of the bidding, which marked West with all the missing high card strength, South could and should have run his trumps, unblocking the 10 from the dummy. After four trump leads, the position would be this:

NORTH
♠ —
♡ K 6 2
♢ 10 5
♣ —

WEST
♠ —
♡ A J 9
♢ A Q
♣ —

EAST
♠ —
♡ 8 7
♢ 9 7
♣ K

SOUTH
♠ 7
♡ 10
♢ K J 3
♣ —

On the lead of the last trump, West is helpless and cannot make more than his two aces. If he lets go the diamond queen, a diamond lead from South will settle the issue. If he throws a heart, he will still have to give the declarer tricks in one suit or the other when a heart is led.

NORTH
♠ 10 4 3
♡ K Q 6 2
♢ 10 5
♣ Q 9 6 2

WEST
♠ Q 5
♡ A J 9 3
♢ A Q 6 2
♣ A J 4

EAST
♠ J 2
♡ 8 7 5
♢ 9 8 7 4
♣ K 10 5 3

SOUTH (D)
♠ A K 9 8 7 6
♡ 10 4
♢ K J 3
♣ 8 7

East and West were vulnerable. The Bidding:

South	West	North	East
1 ♠	Dbl.	2 ♠	Pass
Pass	Dbl.	Pass	3 ♣
3 ♠	Pass	Pass	Pass

West led the club ace.

RADIO NEWSCASTS

BBC WORLD SERVICE

News at 0000, 0200, 0300, 0400, 0500, 0600, 0700, 0800, 0900, 1100, 1300, 1400, 1700, 1800, 2000, 2200, 2300 GMT

Region	m	kHz
Western Europe	463	648
	49	5975
		6050
	41	7120
		7185
		7320
	31	9410
		9750
	25	12095
	19	15070
East Africa	212	1413
	49	6005
	41	7185
		7320
	31	9410
		9580
	25	11750
		11860
	19	15070
		15420
	16	17885
	13	21470
	11	25650
North and North-West Africa	49	5975
	41	7185
		7320
	31	9410
		9580
	25	11750
		12095
	19	15070
	16	17705
	13	21710
	11	25650
Southern Africa	49	6005
	41	7185
		7320
	31	9410
	25	11750
		11820
	19	15070
		15400
	16	17885
	13	21660
	11	25650
Middle East	212	1323
	469	639
	49	6050
	41	7140
	31	9410
	25	11760
		12095
	19	15070
		15310
	16	17770
		17790
	13	21710
	11	25650
Southern Asia	212	1413
	49	6195
	41	7135
	31	9410
		9740
	25	11750
		11956
	19	15070
		15310
	16	17770
		17790
	13	21550
	11	25650
East and South-East Asia	75	3915
	49	6195
	31	9570
		9740
	25	11750
		11955
	19	15280
		15435
	16	17770
		17880
	13	21550
	11	25650

VOICE OF AMERICA

Broadcasts on the hour and at 28 minutes after the hour during varying periods to different regions.

Region	m	kHz
Western Europe	379	792
	251	1197
	231	1296
	75.4	3980
	50.4	5955
	49.6	6040
	41.0	7325
	30.7	9760
	25.5	11760
	19.7	15205
	19.7	15245
Middle East	238	1260
	49.7	6040
	30.9	9700
	25.5	11760
	19.7	15205
East Asia and Pacific	190	1575
	49.1	6110
	30.7	9760
	25.5	11760
	19.6	15290
	16.8	17820
	11.5	26000
South Asia	42.2	7115
	30.9	9700
	25.2	11925
	19.7	15205
	16.9	17740
	13.9	21540
Africa	75.2	3990
		49.6
		6045
	41.7	7195
	31.3	9575
	25.2	11865
	19.7	15250
	16.8	17870
	13.8	21680
	11.5	26040

RADIO CANADA INTERNATIONAL

Region	Time	m	kHz
Western Europe	0600-0700 Mon-Fri	49	6140
		41	7155
		31	9760
		25	11825
	1900-2000	41	7130
	1900-2100	31	9555
		19	15325
		16	17875
		13	21430
	2000-2100	41	7295
		16	17820
	2100-2300 Mon-Fri	49	6170
		19	15325
		16	17875
Middle East	0600-0700 Mon-Fri	19	15235
		16	17860
Africa	0600-0700 Mon-Fri	31	9590
		25	11775
			11960
	1800-2000	19	15260
		16	17820
	2100-2200	25	11945
		19	15150
		16	17820
	2100-2200 Sat-Sun	19	15325
		16	17875

Braves Nip Astros for 10th Straight, Matching the National League Mark

From Agency Dispatches

HOUSTON — Third baseman Bob Horner hit a two-run double in the first inning here Saturday to help the Atlanta Braves defeat the Astros, 2-1, and tie the National League record for consecutive victories at the start of a baseball season.

The triumph was the 10th straight for the Braves, who were

BASEBALL ROUNDUP

seeking to break the National League mark (held by the 1955 Brooklyn Dodgers and 1962 Pittsburgh Pirates) and tie the major league record Sunday in the series final here. The Oakland A's won a record 11 straight games at the start of last season.

Glenn Hubbard singled and Dale Murphy walked with one out in the Atlanta first, and both scored when Horner doubled into the left field corner off Joe Niekro (1-1).

After stranding nine runners in the first four innings, Houston finally scored in the fifth. Terry Puhl drew a base on balls from Bob Walk, the Brave starter, and came home on Phil Garner's hit-and-run double to left.

Cardinals 6, Phillies 0

In St. Louis, Joaquin Andujar pitched a three-hitter and George Hendrick drove in a pair of runs to lead the Cardinals to a 6-0 victory over Philadelphia.

Mets 2, Expos 1

In New York, Mookie Wilson scored the first run and drove in the tie-breaker with an eighth-inning sacrifice fly as the Mets beat Montreal, 2-1.

Cubs 10, Pirates 2

In Pittsburgh, Larry Bowa drove in three runs, and Bill Buckner and Leon Durham batted in two each to pace an 18-hit, 10-2 Chicago rout of the Pirates.

Reds 8, Giants 2

In San Francisco, Bruce Berenyi and Tom Hume combined on a four-hitter and Paul Householder hit his second homer of the season to enable Cincinnati to defeat the Giants, 8-2, and snap a six-game losing streak.

Padres 4, Dodgers 3

In San Diego, Terry Kennedy's two-run double in the first and Eric Show's four innings of shutout relief carried the Padres to a 4-3 victory over Los Angeles.

Royals 12, Indians 10

In the American League, in Cleveland, the Indians and Kansas City combined for 35 hits as the Royals prevailed, 12-10.

Tigers 5, Yankees 3

In Detroit, Enos Cabell drove in three runs with a homer and a double in the first two innings to lead the Tigers past New York, 5-3. Tommy John (0-2) started for the Yankees and gave up Cabell's second home run in as many games.

Red Sox 5, Blue Jays 4

In Boston, Glenn Hoffman capped a five-run first with a towering three-run homer that enabling the Red Sox to beat Toronto, 5-4, and snap a four-game losing streak. Carl Yastrzemski tripled in the fifth to become the seventh player in history to reach 5,200 total bases.

Rangers 5, Brewers 3

In Milwaukee, Lamar Johnson's two-run homer and the combined six-hit pitching of Frank Tanana (1-1) and Steve Comer lifted Texas over the Brewers, 5-3.

Angels 6, Twins 2

In Anaheim, Calif., Brian Downing hit a pair of home runs, and Rod Carew delivered a two-run single to power California past Minnesota, 6-2, before a cap-night crowd of 61,640, the largest baseball crowd in Anaheim Stadium history.

White Sox 10, Orioles 6
White Sox 3, Orioles 1

In Chicago, Jim Morrison hit a home run leading off the eighth to break a 6-6 tie and give Chicago a 10-6 victory over Baltimore and a sweep of their home-opening doubleheader. In the first game, Greg Luzinski's two-run homer and the combined four-hit pitching of Britt Burns and Salome Barojas helped the White Sox to a 3-1 victory. Chicago has won its first seven games while Baltimore has lost five straight.

A's 10, Mariners 3

In Seattle, Dwayne Murphy, Jim Spencer and Dave Lopes hit home runs in a 14-hit attack as Oakland beat the Mariners, 10-3.

Bob Horner

Bruins Widen Lead; Other Series Tied

From Agency Dispatches

BOSTON — Barry Pederson scored twice in a three-goal second period and Rick Middleton added a goal and three assists to power the Boston Bruins to an 8-4 rout of the Quebec Nordiques and a 2-0 lead in their best-of-seven Stanley Cup quarterfinal playoff series here Friday night.

The three other quarterfinals, meanwhile, stood tied at a game apiece, as the New York Islanders blew past the New York Rangers, 7-2, the St. Louis Blues downed the Chicago Black Hawks, 3-1, and the Los Angeles Kings nipped the Vancouver Canucks in overtime, 3-2. Third games in all four series were scheduled for Sunday night.

The first period here ended at 2-all but, beginning with Pederson's goal at 0:37 of the second, Boston took charge. Middleton, who also set up Pederson's second goal, fed the rookie center in the slot and his quick shot beat goalie John Garrett, who started for a fatigued Dan Bouchard.

Tom Fergus, who had missed 23 games with strained knee ligaments, made it 4-2 on a breakaway 45-footer over Garrett's left shoulder at 5:36. Eight minutes later Middleton sent Pederson away on a 1-on-1 against Andre Dupont; Pederson went to his backhand and beat Garrett from 20 feet. Pederson has 24 points in his last 12 games.

Bruce Crowder and Terry O'Reilly scored early in the third period, upping the count to 7-2, and Crowder tallied again with nine seconds to play after Marian Stastny and Michel Goulet had produced goals for the losers.

Quebec, which had won three of four games in Boston Garden during the regular season, took a 1-0 lead 29 seconds into the game on a rebound by Wilf Paiement. Keith Crowder and Middleton made it 2-1 Boston, but Mario Marois tied the game at 16:24 on a slapshot from the point.

Rookie goalie Mike Moffat, now 7-1 in post-season competition, continued his solid play for the Bruins, turning aside 27 shots.

* * *

In Uniondale, N.Y., Duane Sutter scored two goals and Denis Potvin contributed a goal and two assists, enabling the Stanley Cup champion Islanders to square their series with the Rangers.

Bryan Trottier had a goal and two assists and Anders Kallur assisted on three scores as the Nassua Coliseum crowd chanted, "1940, 1940," a sarcastic reference to the last time the Rangers won the Stanley Cup.

Potvin, held without a point in the Islanders' six previous playoff games this season, put a 50-foot power-play shot past goalie Steve Weeks at 5:34 of the first period for the game's first goal. Billy Carroll's short-handed goal and a tally by Duane Sutter made it 3-0 by period's end.

The Rangers killed two penalties to open the second period, but allowed a crushing goal four seconds after the second penalty expired.

NHL PLAYOFFS

Brent Sutter, benched for most of the opening game, picked up a loose puck and fed his brother Duane for a 20-foot breakaway shot and a 4-0 lead at 10:21. Mike Bossy's goal made it 5-0 at 13:05.

Robbie Ftorek spoiled Billy Smith Smith's shutout bid with 2:28 left in the period on a power play. Trottier and Mike McEwen scored third-period goals for the winners; the Rangers' Mikko Leinonen closed out the scoring with 2:19 to play.

* * *

In St. Louis, goals by Bernie Federko, Wayne Babych and Joe Mullen and shutout goaltending by Mike Liut over the last two periods carried the Blues to their victory over the Black Hawks.

The Blues were forced to come from behind after Tom Lysiak scored a power-play goal 4:26 into the game. But Federko, the Blues' leading scorer during the regular season, tied the score at 9:10 on a 15-footer that eluded goalie Tony Esposito.

St. Louis took the lead for good at 1:58 of the second period when Jorgen Pettersson found Babych with a centering pass from behind the net and Babych tipped the puck past Esposito. Mullen got the insurance goal with 4:03 left in the game.

* * *

In Vancouver, British Columbia, rookie Steve Bozek scored at 4:33 of overtime to lift the Kings past the Canucks. The loss was Vancouver's first in five playoff contests; Roger Neilson, who took over as coach after Harry Neale was suspended, suffered his first setback in 10 games.

Bozek deflected his winner off a shot from the point by defenseman Rick Chartraw after the Canucks had failed to clear the puck. The goal came on the Kings' fourth shot of the extra session.

After the Canucks had been outshot in the early stages of the opening period, Vancouver defenseman Colin Campbell deftly set up Darcy Rota for the game's first goal at 6:10. Campbell carried the puck from his own end and laid a one-handed pass onto the stick of Rota, who fired a 25-foot wrist shot past goalie Mario Lessard's glove side.

Los Angeles wing Dave Taylor tied the game at 0:50 of the second period, taking a pass at the Vancouver blue line and letting go a 40-footer that richocheted off goalie Richard Brodeur's glove and into the net.

The Kings took a short-lived lead at 10:02 when Marcel Dionne gathered in a pass from Larry Murphy just inside the Vancouver zone, swung around the lone defender and fired a low 30-footer past the sprawling Brodeur.

The Canucks tied the game, 2-2, just over a minute later when Rota, after racing the length of the ice with an Ivan Hlinka feed, relayed a perfect pass to Stan Smyl at the top of the crease. Smyl easily tipped the puck past Lessard.

United Press International

Thanks to a shove from Ed Kea (who drew a two-minute penalty), Black Hawk wing Grant Mulvey uprooted the St. Louis goal Friday night. Goalie Mike Liut, meanwhile, kept his eye on the puck.

Fast Starts: Wire-to-Wire or Only April Cruel?

By Thomas Boswell
Washington Post Service

WASINGTON — Outside the Atlanta Braves' offices is a new electronic message board. On Friday, the first missive went up: "How do you like us so far?" The chesty question still applied Saturday.

Inside the home of the Braves, there's jubilation over Atlanta's 10-0 start this baseball season. Owner Ted Turner, the self-proclaimed Mouth of the South, predicted a National League West pennant before the year began, even though his club had been in the second division for eight straight years. Now, word has it, he's threatening to have ring measurements taken for the whole organization.

Since only one team in this century has begun its season with a streak longer than the Braves', the ancient baseball poser is appropriate: How important is April? Traditionally, there's been no answer.

For instance, look at the disparate results achieved by the four modern teams that started seasons as hot as Atlanta has. The '62 Pittsburgh Pirates and '66 Cleveland Indians both won 10 in a row yet finished their seasons poorly, in fourth and fifth places respectively — Cleveland barely managing a 81-81 mark. But the '55 Brooklyn Dodgers won 10 off the bat and became world champions.

Semanticist

Just last season, Oakland set an all-time record by opening with 11 victories. Yet the 18-3 April mark was the high point of its season. The A's were just 46-42 thereafter and then were swept in the playoffs by the Yankees.

Some managers, such as Baltimore's Earl Weaver, whose Orioles have a horrible recent history in April, try to evade the whole business by quibbling over semantics — "What constitutes a start? Is it a week? A month?"

Now, however, a hint of an answer appears after some drab research in the archives. If the history of four-division play, inaugurated in 1969, is an accurate indication, a major league team's play in April is far more important than generally has been thought.

The lesson of the past 13 seasons seems to be: Beauty's only skin deep, but ugly goes right to the bone. While a fast, pretty start is a considerable help, an ugly April is almost always an insurmountable burden. Win 'em all if you can, in other words, but for heaven's sake don't lose 'em all.

Several telling statistics emerge from studying the history of April play since 1969.

- Any team that finishes April in last, or even next-to-last, place has less than a five percent chance of winning its divisional flag and perhaps only about a one percent chance of winning the World Series.

Of the 104 teams since 1969 that were last or next-to-last in their divisions on May 1, only the '79 Pirates (who were dead last) won the World Series. Only one other such club has even reached the Series — the '75 Boston Red Sox. In all, only three other April laggards have won their divisions, the '73 A's, '74 Pirates and '77 Phillies.

A preponderance of the worst April clubs really *are* the game's bad teams. Of those 104 teams, 77 finished fourth or lower.

All this means that, if they don't get in gear in the next two weeks and get off the standings' bottom two rungs, such perennial contenders such as Cincinnati, Philadelphia, Houston and Baltimore have a lot of precedent against them. It also may indicate that the Red Sox, currently in last place, may have been merely a fluke in '81.

- As a corollary, teams that win their divisions almost invariably are in no worse than third place at the end of April.

Of the 52 divisional winners, 23 ended April in the lead, 13 were second and eight were third. Forty-four of the 52 started May securely in the top half of their divisions; only five were in fifth or sixth.

That's why clubs such as Kansas City and Montreal are well-positioned now, even though they aren't ahead.

- It's unquestionably a significant edge to end April with a lead, even if it's tiny. Of the 52 May 1st divisional leaders, 23 (44 percent) went on to win, while seven were second and eight were third.

So those first-place folks in Chicago (7-0), St. Louis (8-3) and, of course, Atlanta, have plenty to whoop about if their clubs are still playing well at the end of the month.

But it should be noted that in the last seven years, teams with April leads have also had some spectacular collapses. Since 1975, 11 such leaders have ended up as divisional champs, but 11 others have finished fourth or lower.

What, finally, does happen to the hot team of April, the club that attracts the lightning rod of national attention? That is a touchier proposition.

No April, no matter how hot, seems to be a guarantee of anything. For instance, in 1978 Oakland started 16-5 but finished in sixth place. And in 1973, San Francisco started with an 18-6 month but finished in third, 11 games off the pace.

All in all, though, being the toast of April is worth the effort: Of the 13 teams since 1969 to have the best opening month in all of baseball, seven have finished as divisional winners. But, interestingly, not one of those 13 teams has been able to win a world title.

A few teams even have a kind of April trademark. The Dodgers, for instance, always seem to tip their hand when they're going to have a great year. In 1974, '77, '78 and '81, Los Angeles ended April with the best record in the National League — and those were the last four seasons the Dodgers ended up in the World Series.

Lest we get carried away with The Importance of Being April, we should note that eight times the club that led its division on May 1st ended the season behind the club in last place on that date.

As has been said for more than a century, anything can happen in a long season. But, contrary to popular wisdom, that's not the way to bet.

What we will see in baseball by the end of this first paltry month will be, in more cases than not, what we will be getting in October.

Rozelle, an Old Pro, Signals for a Congressional Trade-Off

By Ira Berkow
New York Times Service

NEW YORK — "Dangling" is the word used by Commissioner Pete Rozelle of the National Football League. As worms to gaping fish, Rozelle dangles possible new franchises and Super Bowl games to representatives and senators to hook them in the muddy waters of Capitol Hill.

In particular, Rozelle is trying to entice Sen. Howard H. Baker, the Tennessee Republican, with a franchise for Memphis, and Democratic Sen. Dennis DeConcini of Arizona, who is up for re-election next year, with a team for Phoenix. Other "possible" expansion sites, he says, include Indianapolis, Birmingham, Jacksonville and Los Angeles.

"You can call it dangling if you wish," Rozelle said recently, "but all we're saying is that as soon as the sports bill is passed, we'll appoint an expansion committee to give us two more teams for a total of 30."

Rozelle is anxious that the Professional Sports Bill of 1982, drafted by the league's lawyers, be passed. The bill would give the league exemption from antitrust laws, from legal suits by those who wish to challenge its policies and allow it a total monopoly on professional football in America — a greater embrace of the industry than it has now, which is substantial.

According to The Memphis Commercial Appeal last Jan. 22, John Parish, press secretary to Gov. Lamar Alexander of Tennessee, said he believed that Baker's "clout" as Senate majority leader could play a major role in the expansion picture.

"I think we're in a posture of Rozelle saying there'll be expansion when they get their antitrust exemption," he said, "and Baker saying there'll be antitrust exemption when Memphis gets a team."

That is exactly the strategy Rozelle employed so effectively in 1966 to have Congress approve a merger of the NFL and the American Football League.

The two leagues had been in a bitter war for players, paying large bonuses to graduating college seniors and mutually raiding veteran players. For the two leagues to merge — thereby wiping out competition by sharing a college draft and virtually eliminating free agency — they had to get a federal antitrust exemption.

Rozelle, primarily using the influential offices of Sen. Russell Long and Rep. Hale Boggs, Democrats of Louisiana, dangled an NFL expansion team in New Orleans and Super Bowl games for the city.

Shrewdly circumventing political opposition, they annexed the antitrust exemption to a Johnson administration anti-inflation bill, which was expected to pass Congress easily.

An hour or so before the House was scheduled to take up the measure, Boggs left the floor to tidy up the deal with Rozelle.

'Great, Hale'

The conversation was related by an associate of Boggs to Daniel Rapoport and reported in The Los Angeles Times.

"Well, Pete, it looks good."

"Great, Hale, that's great."

"Just for the record, Pete, I assume we can say the franchise for New Orleans is firm."

"Well, it looks good, of course, Hale, but you know it still has to be approved by the owners. I can't make any promises on my own."

Boggs stared at Rozelle. "Well, Pete," he said, "why don't you just go back and check with the owners. I'll hold things up here until you get back."

After a moment, Rozelle apparently reconsidered his authority in regard to the owners, and said, "That's all right. You can count on their approval."

Within an hour, the bill was passed. Three weeks later, New Orleans received an NFL franchise, beating out several other cities that, apparently, did not have the clout New Orleans did.

And New Orleans, which has never won a championship in the league, has been the host for five Super Bowls, more than any other city.

In 1966, when the merger was announced, the players association was in a weak, embryonic stage. Because the antitrust exemption was attached to a popular bill, there was, with a few exceptions, little opposition on Capitol Hill.

The National Football League Players Association is much stronger now and is aligned with the AFL-CIO in vigorously fighting the Professional Sports Bill of 1982. It is striving for, among other things, a share of the owners' gross proceeds, which with the television money runs into billions of dollars.

The bill also has a highly unusual retroactive clause that would give the league a power no other industry possesses. It would render void the victories in the courts over the NFL, which, among others, includes the recent ruling in favor of the North American Soccer League. That decision struck down the NFL's rule that there can be no cross-ownership to another sport of a league owner.

This means that rich men interested in sports and willing to invest don't have to choose between a pro football team and another sports franchise. The court's decision is a general benefit to sports fans, for these men could help stabilize financially shaky franchises and leagues.

The sports bill doesn't prohibit a new league from starting up, not formally. But the unparalleled grant of immunity might prevent the establishment of a competitive league.

That reduces the opportunity for more football jobs, greater direct fan participation and whatever financial and spiritual benefits a community having a pro football franchise enjoys.

If Herschel Walker, in another instance, decided to leave the University of Georgia as an undergraduate to try to play pro football in America, he could not test in court the league's rule that no individual can play in the NFL unless he or his college class has graduated. Deprived of a right to earn a living, Walker would have no recourse in the courts.

A few years ago, a fan named Angelo Coniglio went to court in Buffalo to prevent the Bills from forcing anyone who wanted season tickets also to buy a package of exhibition tickets. He asserted that the quality of the exhibition games was inferior. Although Coniglio did not win, the proposed bill would not allow fans who felt unjustly treated, as he did, even to take their case to court.

Rozelle complains that "in professional sports, literally every action, every business judgment and every decision of a league is now subject to attack under the antitrust laws."

But, as a recent editorial in Business Week pointed out, "Rozelle may be amazed to learn that every other business faces exactly that same simaton every day, and that is precisely the point of the antitrust laws."

AP

Pete Rozelle
'But all were're saying is . . .'

Track Star Nehemiah Signs 4-Year 49er Pact

From Agency Dispatches

SAN FRANCISCO — World record hurdler Renaldo Nehemiah has given up what he once called his "ultimate goal" — the Olympic Games — and signed a four-year, $500,000-plus contract with the National Football League champion San Francisco 49ers.

Nehemiah, 23, hasn't played football since he was a wishbone quarterback in high school more than five years ago. But 49er Coach Bill Walsh believes he can groom the versatile speedster into a wide receiver and kick returner.

"He looks like a football player," Walsh said at the announcement late Friday. "He caught every type pass thrown when him he worked out, and he has the instinctive moves of a football player."

The only man ever to run the 110-high hurdles in under 13 seconds (12.93), Nehemiah will be the NFL's fastest runner. The 49ers are gambling a signing bonus of about $100,000 that the 6-1, 177-pound Nehemiah will be able to take pro football's punishment. He has a guaranteed one-year contract; if he makes the grade, a series of three one-year contracts will come into effect.

No Regrets

Nehemiah said he has no regrets about leaving track and no longer attaches as much importance to the Olympics as he once did. "I would have won the Olympics [in 1980]," he said. "I still understand the Olympic concept and still support it. But I'm not going to value my career and my ability on one race.

"One race is not my utopia. Every race I run is my Olympic Games. I had to be the best every time I ran. I'm satisfied. I've fulfilled my dreams."

Nehemiah said he chose San Francisco, rather than another NFL team, because he felt appreciated by the 49ers. "Coach Walsh, and especially my teammates. . . were admirers of mine, thrilled with what I had accomplished [in track]. They had a lot of respect for me. I just felt I was wanted."

At a television competition in February, he told 49er receiver Dwight Clark he was getting "bored" with track, was thinking about trying out for football. "I asked him if he was serious," Clark said last week. "I told him that if he was, to call [49er quarterback coach] Sam Wyche. I gave him the number."

Nehemiah made the call, impressed Wyche and Clark at the tryout, then tested the market around the league with tryouts for seven other teams. He received several offers, but the 49ers offered the best terms, a good chance to play — and to learn the pro game from Walsh and his staff.

United Press International

At a press conference to announce the signing, Coach Bill Walsh played hide-and-peek with the jersey displayed by the latest 49er.

Transactions

BASEBALL
National League

SAN DIEGO—Waived Rick Wise, pitcher.

FOOTBALL
National Football League

DENVER—Signed Steve Gortz, punter, and Nathan Poole, running back.

NEW ORLEANS—Signed Reggie Lewis, defensive end; Marcus Quinn and Gerald Megna, defensive backs; and Al Pena-White, running back.

ST. LOUIS—Signed Calvin Favron, linebacker.

SAN FRANCISCO—Signed Renaldo Nehemiah, wide receiver, to a four-year contract.

HOCKEY
National Hockey League

ST. LOUIS—Recalled Bob Sirois, goaltender, from Milwaukee of the International Hockey League, and Jim Pavese, defenseman, from Sault Ste. Marie (juniors).

SOCCER
North American Soccer League

CHICAGO—Signed Arno Steffenhagen, midfielder, to a one-year contract.

FORT LAUDERDALE—Purchased the contract of Alexander Szolmari, defender, from Stuttgart of the German League.

JACKSONVILLE—Signed David Stride, defender.

TAMPA BAY—Signed Wes McLeod, midfielder.

TULSA—Purchased the contract of David Bradford, midfielder, from Coventry City of the English League.

COLLEGE

ARIZONA—Named Ricky Byrdsong assistant basketball coach.

FAIRMONT ST.—Named Dave Cooper head basketball coach.

FORT LEWIS—Named Gary Barnett head football coach.

HARVARD—Named Frank Haggerty men's and women's cross-country and track and field coach.

McNEESE STATE—Named Jim Draudt head women's basketball coach.

ST. BONAVENTURE—Named Jim O'Brien head basketball coach.

Wadkins' Birdie Binge Produces 2-Shot Lead

United Press International

RANCHO LA COSTA, Calif. — Lanny Wadkins birdied five of the first six holes on the back nine Saturday en route to a 4-under-par 68, a 207 total and a two-stroke lead over Tom Watson after the third round of the Tournament of Champions golf event. Wadkins began the round two strokes behind Watson, the leader at the midway point with a 137 total.

Alone at 210 was Ron Streck, who had a 68, while Tom Kite was at 211 following the best round of the tournament, a 65. David Graham and Fuzzy Zoeller, both with 70s, were at 212.

Soviet Rally Beats Czech Skaters, 5-3

The Associated Press

TAMPERE, Finland — The unbeaten Soviet Union rallied from a two-goal deficit Sunday to defeat Czechoslovakia, 5-3, for its third victory in the World Hockey Championships. West Germany beat Italy, 5-2; Finland downed the United States, 4-2. Canada and Sweden played a 3-3 tie.

Victor Shalimov started the Soviet scoring at 12:39 of the first period. Jindrich Kokrment replied 1:22 later, and goals by Jiri Lala and Jaroslav Pouzar gave the Czechs a 3-1 lead by 2:47 of the second period. But Sergei Babinov tallied on a power play at 5:05 and Alexander Kozhevnikov tied it, 3-3, at 9:41.

The winners' Igor Larionov tipped in a shot by Aleksei Kasatonov at 3:40 of the final period and Sergei Shepelev scored the final goal from in close at 5:18.

More Sports On Page 17

U.S. Gymnasts Defeat Russians

The Associated Press

GAINESVILLE, Fla. — Mitch Gaylord and Phil Cahoy scored 9.90s on the horizontal bar Saturday night as the United States national team edged the Soviet Union for the first time ever in a dual gymnastics meet.

Gaylord, the meet's top individual performer, scored 58.45 points in six events; Russians Sergey Gribkov and Dmitry Belozerchev had respective scores of 58.40 and 58.35 to finish second and third.

The United States held a 242.60-242.40 lead going into the horizotal bar event. Belozerchev, Gribkov and teammate Radik Gabitov all scored 9.85s, but the performances by Cahoy and Gaylord and a 9.85 by Tim Daggett pushed the Americans ahead, 291.85-291.05.

Poll Shows Player Support For Possible Strike in NFL

The Associated Press

NEW YORK — There is strong support for a strike among the 758 National Football League players who responded to a poll that sought their opinions on the position of their union in contract negotiations with the league.

The telephone poll was conducted by The New York Times, to whom the phone numbers of 1,558 players were given by the NFL Management Council, the owners' bargaining unit.

The existence of the poll became public last week, when the NFL Players Association filed an unfair labor practice complaint with the National Labor Relations Board against the council and the newspaper.

The union is seeking a departure from previous team sport contracts by demanding that a percentage of the gross earned by the NFL be set aside for allocation by the union. The union figure most often given is 55 percent, and player salaries would be paid from that fund. So far, the idea has been rejected by the owners.

According to the union plan, all players, regardless of position, would receive a fixed salary based on years of service. Additional salary could come in the form of performance bonuses or from playoff money.

Using the 55-percent figure, the union would pay every five-year veteran a base salary of $140,000. That would represent a substantial increase compared to the average 1980 salary of $87,840. Ten-year players would receive $300,000 compared to the 1980 average of $139,290.

According to the poll, 48 percent of the players interviewed replied affirmatively to the question: "If the vote were held today, would you vote for a strike over the percentage-of-the-gross issue or would you vote against the strike?" Sixteen percent said they would vote against a strike and 36 percent said they did not know or had no answer.

Fifty-six percent of those who either said they would vote against a strike or had no answer said they would support a strike. Thus, 77 percent of those polled said they would either vote for a strike or support one.

Ed Garvey, executive director of the union, has asserted that a poll conducted by the union indicated that 92 percent of the players support the percentage-of-the-gross concept and that 95 percent were willing to strike over it.

Thirty-two percent of the players who responded to the newspaper poll said they attended the union's convention last month in Albuquerque, N.M., at which the union claimed near unanimity in player support for its negotiating stance.

Backing for Garvey

Further, 53 percent of the respondents said they approved of the way Garvey has been conducting the negotiations; 17 percent said they disapproved and 30 percent had no answer or did not know.

Garvey contended last Tuesday that The Times poll amounted to an invasion of privacy. He said that the newspaper and the league's management council, the owners' bargaining arm, acted in consort.

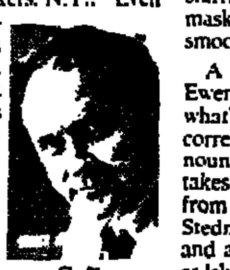
The Times denied the allegation, saying the poll was conducted independently and that the council only provided the phone numbers and had no input into the way the poll was conducted or what questions were asked.

Language

Class Distinctions

By William Safire

NEW YORK — "First-class" *has had it.* "World-class" *is* in. Richard Dudley of Guilford, Conn., writes: "All of a sudden, world-class runners, entertainers (supersuperstars?), chefs, auto racers ad nauseam. Where do we go from here?" And from Norman Hoffman of Yonkers, N.Y.: "Even in today's 'Market Place' column in The New York Times — 'Clorox is a world-class household products manufacturer.' *I say!*"



Safire

Early on, it started as a Britishism (and have you noticed that "*trendy*" *isn't* trendy anymore?). The earliest citation that Sol Steinmetz can dig out of the Clarence L. Barnhart files is this soccer item from The Sunday Times of London of April 14, 1963, from a sports column by Brian Granville: "But Charlton and Greaves *are world-class* players and, for a match like this, both must stay."

"Since soccer players participate in international competitions for the World Cup," ruminates lexicographer Steinmetz, "top-seeded players were viewed as more than 'first-class'; they were 'world-class.' The term proved to be very useful for describing the top-drawer athletes or superstars of international competitions."

The key is "competitor for an international prize," whether it be the Olympics or chess tournaments. I would approve its extended use to international competition *where the prize is fame or fortune,* but would frown on its extension to a synonym for "international," as in "a world-class household products manufacturer.

This points up the "honeymoon effect" of superlatives. A honey, or full, moon, begins to wane as soon *as it appears; similarly (in what is* known to first-class writers as a "labored simile") "world-class" began to lose its international-prize eminence as soon as it hit the top. Superlative hounds quickly applied it to bleaches being shipped across town.

World-class has done to first-class what superstar has done to star. Who wants to go to a lousy first-class match or see a mere *star? The language always needs a* word one rank higher, and as soon as we get it, we start dragging it down. (So he's a superstar — but is he a world-class superstar?)

ESTEE LAUDER, the cosmetics firm, advertises its "Almond Clay Pack" *with this copy:* "The clarifying facial that facilitates sluffing from within." Another mask, it is claimed, "sluffs, softens, smooths."

A registered nurse, Frances Ewen of New York, wants to know *what's with this sluff stuff:* "The correct word is slough, pronounced 'sluf,'" writes Ewen. She takes her definition — "to separate from the living tissue" — from Stedman's Medical Dictionary, and adds: "There is no such word as 'sluff.'"

June Leaman, senior vice president of creative marketing at Estée Lauder, responds by pointing to the two spellings, slough and sluff, given in Webster's New Collegiate Dictionary. "Since 'slough' has two meanings and pronunciations as well as two spellings, we chose 'sluff.' It telegraphs phonetically the word we wanted as it relates to *skin: to separate dead tissue from* living tissue, to become shed or cast off."

Interesting word, slough. Spelled that way and rhyming with "cow," *it means a swamp or bog;* in "Pilgrim's Progress," Christian fell into the Slough of Despond, which undoubtedly caused little worry lines to form on his face. Spelled that way and pronounced "sluff," it is the skin a snake sheds each year; by metaphoric extension, "to *sluff off*" means to *shake* off or shed any unwanted covering or work.

For many years, the language has been trying to separate the snakeskin meaning from the bog meaning by means of a spelling change: from "slough" to "sluff" when it is pronounced "sluf" and has to do with the shedding of dead skin.

Since I roughed up Mrs. Lauder's company for her unctuous treatment of "cream" — ritzily spelled "crème" — let me toss a *smooth, soft salute to her copy*writers for their intelligent use of "sluff." The word and its spelling are correct; I just wish I could get rid of the word-picture of all those women snaking out of their skins.

New York Times Service

Reading, Writing and Polar Bears

By Andrew Malcolm
New York Times Service

RESOLUTE, Northwest Territories — From time to time during the school year here, recess is canceled due to polar bears. The huge, powerful animals occasionally wander around town, attracted by the smells of *food, dogs and people and by the* sight of other creatures also trying to scratch out an existence on the barren tundra of Canada's northern arctic countryside.

Dealing with polar-bear alerts is one of the many adjustments that Mike Pembroke, the principal, and his wife, Eileen, a teacher, have had to make during 15 years of teaching in the arctic. Until recently, formal schooling has not been a requisite for survival in Eskimo, or Inuit, communities. "We came up here for a year to earn money for a new house," said Pembroke, who came from Nova Scotia, "and we've stayed year after year ever since."

Only in the la 25 years has Canada shipped social services such as education into its vast northern region, which has a population of only 63,000. The Canadian government began its mission by assigning natives of the Northwest Territories a number instead of a name. They then herded the family bands into formal communities where free housing, and medical and educational services were offered. It is generally accepted that health care has improved.

But the imposition of a modern social system apparently has corroded the traditional Inuit family structure. Once, skills such as sled-making, hunting and the building of igloos were passed from father to son; now *the school sees to it that these* lessons are learned.

There are three full-time teachers for the 53 children registered in the Qarmartalik School. (In the Inuit language, Qarmatalik means "place of ruins," a reference to an old nearby camp.) The *Pembrokes and Kathleen Pur*chase each teach two or three grades for the 190 days of school that are required each year by the territorial government. Because traditions and hunting seasons vary by community, each town may schedule those days as de*sired. For Resolute (population* 170), the school year begins in autumn, which arrives here in late August, and ends with the coming of spring, at the end of May.

The school day is organized much as anywhere else in North America: arithmetic, writing, spelling, reading, social studies and geography, all taught in English. As elsewhere, the recess period is the favorite time for many of the pupils.

But *a tone reigns here that in*dicates a different culture at work. Most everyone wears a parka to school. In class, there is considerable repetition of math, grammar and spelling lessons, and few abstract discussions. "Dick and Jane romping through *fields mean nothing up here,*" says Mrs. Purchase.

In some communities, students *begin their education in English* without knowing a word of the language. In some primary grades now, there is daily instruction in Inuktitut, the Inuit language. Mary Kalluk and Seeana Pitseolak, two local assistants who carry their own babies in papooselike hoods, teach Inuit vocabulary, clothes-making and folklore.

Members of an increasingly assertive Inuit community hope that eventually there will be enough teachers to have all 12,000 territorial students taught *completely* in Inuktitut. Until then, they must rely on the Canadians hired on contracts. A starting teacher with a bachelor's degree is paid $25,748, plus a $3,000 isolation allowance. "It's a good life, especially to start," said the 27-year-old Mrs. Pur*chase. "It's informal* and you're free of all that educational bureaucracy."

There are, however, a number of adjustments to make. For in*stance, the Inuits seemingly do* not believe in schedules. So half the pupils are late, like Jeannie Amagoalik, who wandered into school the other day more than an hour after the 9 a.m. start. Some pupils may have been up most or all of the nights playing, since it is *an Inuit habit to sleep* only when tired and eat only when hungry.

There is no written Inuit literature to speak of. And with many common reference points absent *in the arctic (mention of* McDonald's hamburgers, for instance, draws only blank stares), Mrs. Purchase uses television as a discussion tool. "What did Jack do in 'Three's Company' last night? Why was it funny? Would you do that?"

Mention of things such as the circus also draws bewildering looks.

"You've always got to be ready to pick up on anything these kids light on," says Mrs. Purchase. Thus, the eye-doctor's visit led to a science lesson on convex and concave lenses. To promote physical fitness and to combat smoking — some Inuits begin to smoke at age 8 — Mrs. Purchase has an exercise period.

Each morning in class there is free soup, a popular event since many students do not eat breakfast. Afterward, the students clean their teeth with brushes that a government dentist distrib*utes on his semiannual visits.*

Recently, Pembroke and his class of seniors took a field trip. They flew 100 miles north for a tour (and a swim in the pool) of *the new Polaris lead-zinc mine,* where officials held out the prospect of future jobs for those staying in school.

Andrew Malcolm, The New York Times

Students at Qarmartalik school in northern Canada.

Traumatic Separation

However, to attend high school now, students must board at distant regional schools, a traumatic separation for members of the close Inuit families. "The north is changing so much so fast," said Pembroke, "If there's no work for those who go on to finish school, there will be a lot of trouble with discontented, bored teen-agers."

To discuss such problems and student grades, Pembroke set up a series of parent-teacher nights at the school. Three people came — the teachers. So every few weeks each teacher, accompanied by a translator, visits every home *to deliver a verbal report card.* Tea and bread is usually served. "They don't seem to care much about the grades," Pembroke says, "but they are very interested in their child's behavior. And there is a marked improvement for a couple of weeks after every meeting."

Letter From Munich

Closing Arguments

By John Dornberg
International Herald Tribune

MUNICH — The red-robed *justices of the West German* supreme court handed down an epochal decision recently.

Barbershops and hairdressing salons that choose to close for business Saturday afternoons *will* henceforth be permitted to open on Monday mornings. The court ruled that it could see no violation of constitutional principle in staying open *either Saturday afternoon* or Monday morning, as long as barbers and hairdressers do not do both.

The "barbershop ruling" adds a *nuance to the Ladenschlussgesetz* — the Store Closing Law. The *Ladenschlussgesetz,* in force more than a quarter of a century, stipulates that every supermarket, department *store, dry goods emporium,* laundry, automobile repair garage and every other kind of shop, all over West Germany, must close at 6:30 p.m. every weekday and 2 p.m. each Saturday (except the first Saturday of the month when they are allowed to stay open until 6 p.m.). *Nor is any merchant* permitted to open before 7 a.m.

Notable exceptions are certain types of retail outlets in railway stations and airports, though these are legally permitted to cater only to travelers with valid train and plane tickets, and the aforesaid tonsorial and *coiffeuring salons* which, before the ruling, were allowed to do business Saturday afternoons but were required to remain closed until 1 p.m. Mondays.

Never on Sundays

Needless to say, it is also "never *on Sundays" or on any of the 13* holidays West Germans celebrate each year.

It is almost impossible to buy a loaf of bread, a quart of milk, a can of beans or anything else after 6:30 p.m. Long holiday weekends tend to become nightmares of ad*vance planning and fighting* among shoppers stocking up for the duration.

Since most places, especially in residential sections, also close voluntarily for two to three hours at lunchtime, businesses tend to be shut precisely when customers *have time to shop.*

The avowed purpose of the law is to guarantee "capitalist fair play and fair competition."

Many West Germans regard it as inane. Critics point to it as a major cause of stress in harried working mothers, as an obstacle to *comparative price shopping,* and as a source of high profits for businessmen. Understandably, the retail merchants association and the retail clerks union are all for it.

Every *attempt to repeal* or modify the law has failed.

Those with long memories may recall the case of one Horst Hoffmann, an enterprising grocer in *Haan, near Düsseldorf,* who, a number of years ago told his bedroom community customers he would sell them a pint of milk or a pound of butter if they came to his *shop even as late as 8 or 9 p.m.*

Hoffmann became a cause celèbre when the weight of the law came down upon him in the form of injunctions, fines of $8,000, and *two cops posted in front of* his shop to make sure he obeyed.

More influential personages than Hoffmann have tried it too: For example, Stuttgart Lord Mayor Manfred Rommel.

Six years ago, as a much heralded experiment in urban renewal, he allowed the 30 retail establishments in a subterranean shopping mall adjacent to the main railway station to stay open on weekends and as late as 10 p.m. on weekdays.

Stuttgarters loved it. Two street-level merchants, who regarded it as unfair competition, did not. They challenged the ruling in court as a violation of the federal *Ladenschlussgesetz.* Last month their suit was upheld by West Germany's high administrative affairs court. The city of Stuttgart has indicated it will appeal, like the barbers did, to the supreme court in Karlsruhe.

There is more, of course, to the *Ladenschlussgesetz* than meets the eye. As Hoffmann the grocer put it back in the 1970s, "Germany is the *laughing stock of the world* for this insane law. It makes us look like a police state."

Consider, for example, the *Rasenmäherlärmschutzverordnung,* that is, the Lawn Mower Noise Protective Ordinance, which makes it illegal to mow one's lawn between 7 p.m. and 7 a.m. or at any time on Sundays and holidays.

There is also a *Tomatenschutzverordnung* — the Ordinance to Protect Tomatoes — which forbids *squeezing* same to see if they are ripe before buying them.

Under the circumstances, is it surprising that the supreme court's "barbershop ruling" is being hailed by some as a breakthrough for democracy?

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